

**CHURCH OF THE HOLY APOSTLES:  
SOUP KITCHEN PROGRAM**

**December 31, 2019**

**CHURCH OF THE HOLY APOSTLES:  
SOUP KITCHEN PROGRAM**

**For the Year Ended December 31, 2019**

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Certified Public Accountants, PC

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## Independent Auditors' Report

To the Vestry and Management of  
Church of The Holy Apostles: Soup Kitchen Program  
New York, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the Church of The Holy Apostles: Soup Kitchen Program (a non-profit organization), which comprise the Statement of Financial Position as of December 31, 2019, and the related Statements of Activities and Changes in Net Assets, Cash Flows and Functional Expenses 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, which include 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.

### Auditors' 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 Church of The Holy Apostles: Soup Kitchen Program as of December 31, 2019 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.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, on our consideration of the Church of The Holy Apostles: Soup Kitchen Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Church of The Holy Apostles: Soup Kitchen Program's internal control over financial reporting and compliance.

### Report on Summarized Comparative Information

We have previously audited the Church of The Holy Apostles: Soup Kitchen Program's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**BKC, CPAs, PC**

May 21, 2020  
Flemington, New Jersey

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Statement of Financial Position**  
**December 31, 2019**  
**With Summarized Financial Information as of December 31, 2018**

<b>ASSETS</b>	2019	2018
Current assets		
Cash and cash equivalents	\$ 765,339	\$ 957,752
Due from the Church	489,092	404,033
Contributions receivable	117,258	112,223
Grants receivable	183,817	62,617
Prepaid expenses	71,618	69,199
Investments	1,679,760	1,407,048
Total current assets	3,306,884	3,012,872
Property and equipment		
Property and equipment, net of accumulated depreciation of \$100,381 and \$86,439, respectively	37,717	51,659
Other assets		
Intangible assets, net of accumulated amortization of \$14,419 and \$10,000, respectively	9,678	2,000
Total assets	\$ 3,354,279	\$ 3,066,531
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 102,577	\$ 139,234
Net assets		
Without donor restrictions	3,120,694	2,927,297
With donor restrictions	131,008	-
Total net assets	3,251,702	2,927,297
Total liabilities and net assets	\$ 3,354,279	\$ 3,066,531

See accompanying notes to the financial statements.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2019**  
**With Summarized Financial Information for the Year Ended December 31, 2018**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
Revenue				
Individuals	\$ 1,135,767	\$ -	\$ 1,135,767	\$ 1,145,666
Bequests	237,509	9,202	246,711	222,288
Corporations	186,717	-	186,717	145,077
Foundations	703,382	-	703,382	581,944
Churches	16,532	-	16,532	36,251
Government grants	347,922	111,913	459,835	220,756
Donated food	565,074	-	565,074	581,757
Special events	346,277	9,893	356,170	352,616
Net assets released from restrictions	-	-	-	-
Total support, revenue and reclassifications	3,539,180	131,008	3,670,188	3,286,355
Expenses				
Program services	2,889,398	-	2,889,398	2,549,681
Support services				
General and administration	268,773	-	268,773	253,383
Development	459,205	-	459,205	451,356
Total expenses	3,617,376	-	3,617,376	3,254,420
Other income (expense)				
Dividends and interest	43,173	-	43,173	56,521
Investment gains (losses)	228,420	-	228,420	(129,321)
Total other income (expense)	271,593	-	271,593	(72,800)
Change in net assets	193,397	131,008	324,405	(40,865)
Net assets - beginning of the year	2,927,297	-	2,927,297	2,968,162
Net assets - end of the year	\$ 3,120,694	\$ 131,008	\$ 3,251,702	\$ 2,927,297

See accompanying notes to the financial statements.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**  
**With Summarized Financial Information for the Year Ended December 31, 2018**

	2019	2018
Cash flows from operating activities		
Changes in net assets	\$ 324,405	\$ (40,865)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Contributed securities	(45,738)	-
Depreciation and amortization	18,362	17,808
Reinvested dividends and interest	(40,798)	(35,485)
Realized and unrealized (gain) loss on investments	(228,420)	110,068
(Increase) decrease in assets		
Due from the Church	(85,059)	(101,641)
Contributions receivable	(5,035)	127,370
Grants receivable	(121,200)	(24,445)
Prepaid expenses	(2,419)	(1,471)
Decrease in liabilities		
Accounts payable and accrued expenses	(36,657)	(29,044)
Total adjustments	(546,964)	63,160
Net cash (used in) provided by operating activities	(222,559)	22,295
Cash flows from investing activities		
Purchase of investments	-	(366,945)
Sale of investments	42,244	45,896
Purchase of intangible asset	(12,098)	(17,691)
Net cash provided by (used in) investing activities	30,146	(338,740)
Net change in cash and cash equivalents	(192,413)	(316,445)
Cash and cash equivalents - beginning of year	957,752	1,274,197
Cash and cash equivalents - end of year	\$ 765,339	\$ 957,752

See accompanying notes to the financial statements.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**  
**With Summarized Financial Information for the Year Ended December 31, 2018**

	Program Services	Support Services		Total	
		General and Administrative	Development	2019	2018
Salaries and related expenses					
Salaries	\$ 758,771	\$ 183,992	\$ 198,937	\$ 1,141,700	\$ 993,972
Employee benefits	267,595	21,526	45,003	334,124	308,801
Payroll taxes	39,525	10,244	11,248	61,017	79,205
Total salaries and related expenses	1,065,891	215,762	255,188	1,536,841	1,381,978
Food and supplies	1,083,776	-	-	1,083,776	927,354
Maintenance and repairs	50,393	-	-	50,393	40,808
Professional fees	232,025	-	204,017	436,042	422,018
Communications	11,112	-	-	11,112	10,706
Publications and memberships	241	-	-	241	336
Utilities	-	53,011	-	53,011	47,336
Program promotion	2,053	-	-	2,053	16,127
Advocacy and counseling	41,413	-	-	41,413	52,502
Laundry and uniforms	16,826	-	-	16,826	13,534
Staff and volunteer activities	12,593	-	-	12,593	1,536
Insurance	2,445	-	-	2,445	916
Equipment rental	7,355	-	-	7,355	6,483
Miscellaneous	84,913	-	-	84,913	54,977
Allocation of space utilization fee and building expenses	260,000	-	-	260,000	260,000
Depreciation and amortization	18,362	-	-	18,362	17,809
	<u>\$ 2,889,398</u>	<u>\$ 268,773</u>	<u>\$ 459,205</u>	<u>\$ 3,617,376</u>	<u>\$ 3,254,420</u>

See accompanying notes to the financial statements.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

Nature of activities

The Church of the Holy Apostles: Soup Kitchen Program (the Soup Kitchen) has no separate legal status of existence. The program is operated by the Church of the Holy Apostles (the Church), a not-for-profit organization. This report is comprised of a fund of the Church which reports the financial position, results of operations and cash flows of the Soup Kitchen.

The Church of the Holy Apostles, a parish of the Diocese of New York of the Episcopal Church, was established in 1844. As a religious body, the parish has a rich liturgical life and a historic commitment to ministries of compassion and social justice.

The Church serves a wide community through various outreach programs. The most well-known program began in 1982 when the parish opened the Soup Kitchen to provide meals and social service counseling to the homeless persons of New York.

Primary sources of revenue are derived from cash and food donations from individual persons, as well as government and foundation grants.

Basis of presentation

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

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Soup Kitchen's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Organization status

The Church is exempt from filing requirements under IRC Section 7611(a). The most significant tax positions of the Church are its assertions that it is exempt from income taxes and its determination that no amounts are subject to unrelated business income tax (UBIT). Income generated by activities that would be considered unrelated to the Church mission would be subject to income tax.

The Soup Kitchen follows the guidance of Accounting Standards Codification (ASC) Topic 740, *Accounting for Income Taxes*, related to uncertain income tax provisions, which prescribes a threshold of more likely than not, for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management has determined that it is more likely than not, that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Change in accounting standards

ASU 2014-09: On January 1, 2019 the Company adopted Accounting Standards Update, (ASU) 2014-09 *Revenue from Contracts with Customers* issued by the Financial Accounting Standards Board (FASB). This standard and all subsequent amendments to the ASU, create a single framework for recognizing revenue from contracts with customers. As a result of this adoption, management has determined that the Soup Kitchen's method of recording revenue did not require a material change in order to be compliant with this standard.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Soup Kitchen considers all investment instruments with a maturity date of three months or less to be cash equivalents. Money market funds that are intended for investment purposes are separately classified under investments.

Contributions and grants receivable

Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year and writes off to expense all balances that are considered uncollectible. Balances, that are still outstanding after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to contribution receivable. Based upon historical collection statistics, management expects to collect one hundred percent (100%) of the outstanding contribution balances, accordingly there is no provision for an allowance as of December 31, 2019.

Investment income recognition

Realized gains and losses on investments represent the difference between the original cost of the securities on a specific identified cost basis and the related fair market value on the date of sale or distribution. They include the original cost written-off, if any. When the investments are sold, gains and losses are classified as realized. The deemed gains or losses from any in-kind distribution of securities represent the difference between the fair value of the securities distributed as of the date of distribution and the original cost. The difference between the original cost and the fair value of investments held at the end of the year represents unrealized appreciation or depreciation.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Investment income recognition (continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Investment risk

The Soup Kitchen invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks.

Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could materially affect the Soup Kitchen's statement of financial position.

Property and equipment

Property and equipment are stated at cost and depreciated over the estimated useful life of each asset. Depreciation is provided by use of the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Improvements, furniture, fixtures, and kitchen equipment	5 - 10 years

The Soup Kitchen capitalizes all assets with a useful life of at least five years.

Intangible assets

Intangible assets include costs associated with the development of the Soup Kitchen website and production of a video for the website. The website costs are amortized over six years. The video production costs are amortized over five years.

Net asset classifications

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follows:

Net assets without donor restrictions - net assets not subject to donor-imposed stipulations, and therefore, are expendable for operating purposes.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met by actions of the Soup Kitchen and/or by the passage of time.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)  
Net asset classifications (continued)

The Soup Kitchen's change in net assets from operations includes revenue from contributions, government grants, community program fees, other operating revenue, and net assets released from restrictions. All investment income including gains and losses on investment transactions is considered non-operating.

Revenue recognition

Contributions

Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

In-kind contributions consist of:

Donated food - Donated food is recorded as both a contribution and program expense at its estimated cost to purchase value at the date of receipt.

Contributed services - A substantial number of volunteers have donated significant amounts of time and services, to the Soup Kitchen, approximately 53,647 hours and services.

No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50-1. Under FASB ASC 958-605-50-1, contributions of services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills, and (c) would typically be purchased if not provided by donation.

Government grants

Revenue and receivables from government contracts are recognized when reimbursable expenses are incurred under the terms of the contracts. Contract payments in excess of or less than qualified expenses are accounted for as contract advances payable or government contracts receivable, respectively.

Allocation of expenses

Expenses have been charged to program and supporting services based on direct expenses and other specific allocation methods.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 2 - Cash concentrations

The maximum loss would be the carrying amount in the financial statements, less amounts insured by the Federal Deposit Insurance Corporation which is generally \$250,000 for cash accounts. The Soup Kitchen maintains its cash in bank deposit accounts, which may at times, exceed federally insured limits. As of December 31, 2019, the Soup Kitchen had approximately \$515,000 of uninsured cash in its accounts.

Note 3 - Due from (to) the Church

Periodically, in order to meet temporary cash shortfalls, the Church and/or the Soup Kitchen may pay bills on behalf of each other. The Church also allocates to the Soup Kitchen other costs it incurs on its behalf. In 2019, the Church charged a space utilization fee of \$260,000. As of December 31, 2019, the amount due from the Church was \$489,092.

Note 4 - Fair value measurement

Financial Accounting Standards Board (FASB) in its *Accounting Standards Codification* (ASC) Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Soup Kitchen has the ability to access.

Level 2     Inputs to the valuation methodology include:

- 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 asset or liability;
- 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 inputs must be observable for substantially the full term of the asset or liability.

Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 4 - Fair value measurement (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Soup Kitchen's investment assets at fair value as of December 31, 2019:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)
Equity securities	
Energy services	\$ 27,537
Mutual funds	
Balance life cycle	1,652,223
Total investments	\$ 1,679,760

Note 5 - Availability of financial assets

The following reflects the Soup Kitchen'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.

Financial assets as of December 31, 2019 as follows:

Cash and cash equivalents	\$ 765,339
Accounts receivable	117,258
Investments	1,679,760
Less those unavailable for general expenditures within one year due to:	
Donor restricted for food services	(121,115)
Donor restricted for 2020 events	(9,893)
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,431,349

In addition to financial assets available to meet general expenditures over the year, the Soup Kitchen monitors its liquidity on a monthly basis, so that it is able to meet its operating needs.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 6 - Property and equipment

Property and equipment at December 31, 2019 consists of the following:

Improvement	\$	16,114
Furniture and fixtures		33,090
Kitchen equipment		88,894
Total property and equipment		138,098
Less: accumulated depreciation		(100,381)
Property and equipment, net	\$	37,717

Depreciation expense for the year ended December 31, 2019 was \$13,943.

Note 7 - Intangible assets

Intangible assets consist of web design and development costs, and video production costs of \$24,097. The web design and development cost is being amortized over 72 months commencing January 2014 and was fully amortized as of December 31, 2019. The video production costs are being amortized over 60 months commencing January 2019. Amortization expense for the year ended December 31, 2019 was \$4,419.

The estimated annual amortization expense for the remaining years ended is as follows:

2020	\$	2,419
2021		2,419
2022		2,419
2023		2,421

Note 8 - Net assets with donor restrictions

Components of net assets with donor restrictions as of December 31, 2019 were as follows:

Subject to the passage of time:		
For food services	\$	121,115
For 2020 events		9,893
Total net assets with donor restrictions	\$	131,008

Note 9 - Retirement arrangement with staff employees

The Soup Kitchen offers staff employees the opportunity for participation in a contributory retirement plan. The expense to the Soup Kitchen under those arrangements for the year ended December 31, 2019 was \$85,331.

**CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM**  
**Notes to the Financial Statements**

Note 10 - Change in accounting standards

ASU 2018-08: The FASB adopted ASU 2018-08 *Not-for-Profit Entities*. This update requires that grant funds be recorded as donations with restrictions. This ASU will be effective to the Soup Kitchen in the year ending December 31, 2020. Management estimates the effect of this change will not be material.

Note 11 - Subsequent events

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The COVID-19 outbreak) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The Soup Kitchen's operations, including its operation of emergency food and social services programming, are dependent on private and public donations from individuals, corporations, grants and contracts from both government and foundations, and earned revenue through space rentals. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress their contributions and grants and affect their ability to engage in special event fundraising during fiscal year 2020. As such, this may hinder the ability to advance their mission. As such, their financial condition and liquidity may be negatively impacted for the fiscal year 2020.

The Soup Kitchen's management has determined that no additional material events or transactions occurred subsequent to December 31, 2019 and through May 21, 2020, the date of the Soup Kitchen's financial statement issuance, which require additional disclosure in the Soup Kitchen's financial statements.



Certified Public Accountants, PC

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**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with Government Auditing Standards**

The Vestry and Management of  
The Church of the Holy Apostles: Soup Kitchen Program  
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Church of the Holy Apostles: Soup Kitchen Program (the Soup Kitchen) as of and for the year ended December 31, 2019 and the related Notes to the Financial Statements, which collectively comprise the Church of the Holy Apostles: Soup Kitchen Program and have issued our report thereon dated May 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Church of the Holy Apostles: Soup Kitchen Program's internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Soup Kitchen's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Church of the Holy Apostles: Soup Kitchen Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Soup Kitchen's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### The Soup Kitchen's Response to Findings

The Soup Kitchen's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Soup Kitchen's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

### Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Accounting Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
**BKC, CPAs, PC**

May 21, 2020  
Flemington, New Jersey

**HOLY APOSTLES SOUP KITCHEN**  
**Summary Schedule of Findings and Responses**  
**For the Year Ended December 31, 2019**

2019-001           Type: Internal Control Over Financial Reporting

                      Criteria: Best practices require a significant segregation of duties in all internal control cycles.

                      Condition: A lack of segregation of duties was noted in all control cycles.

                      Cause: Size of the Organization's staff.

                      Effect: Errors could occur and not be detected by management.

Management's Response: The size of the Church's administrative staff is appropriate for the volume of (unaudited) transactions processed. The size allows for a higher proportion of expenditures to be dedicated to the Soup Kitchen Program. Additional monitoring activities mitigate this risk.