

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

December 31, 2020

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

For the Year Ended December 31, 2020

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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, 2020, 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, 2020 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 June 15, 2021, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



BKC, CPAs, PC

June 15, 2021
Flemington, New Jersey

CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM
Statement of Financial Position
December 31, 2020
With Summarized Financial Information as of December 31, 2019

ASSETS

	2020	2019
Current assets		
Cash and cash equivalents	\$ 2,040,797	\$ 765,339
Treasury Bill	1,000,157	-
Due from the Church	60,868	489,092
Contributions receivable	258,817	117,258
Grants receivable	294,951	183,817
Prepaid expenses	-	71,618
Investments	2,385,648	1,679,760
Agency trust fund	4,675	-
Total current assets	6,045,913	3,306,884
Property and equipment		
Property and equipment, net of accumulated depreciation of \$105,019 and \$100,381, respectively	26,454	37,717
Other assets		
Intangible assets, net of accumulated amortization of \$17,117 and \$14,419, respectively	16,980	9,678
Total assets	\$ 6,089,347	\$ 3,354,279

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 26,719	\$ 102,577
Net assets		
Without donor restrictions	5,866,671	3,120,694
With donor restrictions	195,957	131,008
Total net assets	6,062,628	3,251,702
Total liabilities and net assets	\$ 6,089,347	\$ 3,354,279

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, 2020
With Summarized Financial Information for the Year Ended December 31, 2019

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2020	2019
Revenue				
Individuals	\$ 2,497,162	\$ -	\$ 2,497,162	\$ 1,135,767
Bequests	129,966	-	129,966	246,711
Corporations	245,971	-	245,971	186,717
Foundations	1,272,548	-	1,272,548	703,382
Churches	207,110	-	207,110	16,532
Government grants	928,385	193,457	1,121,842	459,835
Donated food	1,432,984	-	1,432,984	565,074
Special events	293,083	-	293,083	356,170
Net assets released from restrictions	128,508	(128,508)	-	-
Total support, revenue and reclassifications	7,135,717	64,949	7,200,666	3,670,188
Expenses				
Program services	4,265,002	-	4,265,002	2,889,398
Support services				
General and administration	170,513	-	170,513	268,773
Development	467,863	-	467,863	459,205
Total expenses	4,903,378	-	4,903,378	3,617,376
Other income (expense)				
Dividends and interest	81,094	-	81,094	43,173
Investment gains (losses), net	169,289	-	169,289	228,420
Loss on disposal of assets	(1,335)	-	(1,335)	-
Paycheck Protection Program loan	264,590	-	264,590	-
Total other income (expense)	513,638	-	513,638	271,593
Change in net assets	2,745,977	64,949	2,810,926	324,405
Net assets - beginning of year	3,120,694	131,008	3,251,702	2,927,297
Net assets - end of year	\$ 5,866,671	\$ 195,957	\$ 6,062,628	\$ 3,251,702

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, 2020
With Summarized Financial Information for the Year Ended December 31, 2019

	2020	2019
Cash flows from operating activities		
Changes in net assets	\$ 2,810,926	\$ 324,405
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Contributed securities	(63,898)	(45,738)
Depreciation and amortization	12,625	18,362
Loss on disposal of assets	1,335	-
Reinvested dividends and interest	(76,483)	(40,798)
Realized and unrealized (gain) loss on investments	(169,289)	(228,420)
(Increase) decrease in assets		
Due from the Church	428,224	(85,059)
Contributions receivable	(141,559)	(5,035)
Grants receivable	(111,134)	(121,200)
Prepaid expenses	71,619	(2,419)
Decrease in liabilities		
Accounts payable and accrued expenses	(75,858)	(36,657)
Total adjustments	(124,418)	(546,964)
Net cash provided by (used in) operating activities	2,686,508	(222,559)
Cash flows from investing activities		
Purchase of Treasury Bill	(999,945)	-
Purchase of investments	(509,067)	-
Proceeds from sale of investments	107,962	42,244
Purchase of intangible asset	(10,000)	(12,098)
Net cash (used in) provided by investing activities	(1,411,050)	30,146
Net change in cash and cash equivalents	1,275,458	(192,413)
Cash and cash equivalents - beginning of year	765,339	957,752
Cash and cash equivalents - end of year	\$ 2,040,797	\$ 765,339

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, 2020
With Summarized Financial Information for the Year Ended December 31, 2019

	Program Services	Support Services		Total	
		General and Administrative	Development	2020	2019
Salaries and related expenses					
Salaries	\$ 893,738	\$ 123,488	\$ 185,839	\$ 1,203,065	\$ 1,141,700
Employee benefits	308,250	22,462	48,178	378,890	334,124
Payroll taxes	43,051	9,467	14,549	67,067	61,017
Total salaries and related expenses	1,245,039	155,417	248,566	1,649,022	1,536,841
Food and supplies	2,363,413	-	-	2,363,413	1,083,776
Maintenance and repairs	37,548	-	-	37,548	50,393
Professional fees	138,172	15,096	219,297	372,565	436,042
Communications	11,022	-	-	11,022	11,112
Publications and memberships	447	-	-	447	241
Utilities	54,377	-	-	54,377	53,011
Program promotion	1,030	-	-	1,030	2,053
Advocacy and counseling	41,864	-	-	41,864	41,413
Laundry and uniforms	16,348	-	-	16,348	16,826
Staff and volunteer activities	1,230	-	-	1,230	12,593
Insurance	-	-	-	-	2,445
Equipment rental	5,209	-	-	5,209	7,355
Miscellaneous	76,678	-	-	76,678	84,913
Allocation of space utilization fee and building expenses	260,000	-	-	260,000	260,000
Depreciation and amortization	12,625	-	-	12,625	18,362
Total functional expenses	<u>\$ 4,265,002</u>	<u>\$ 170,513</u>	<u>\$ 467,863</u>	<u>\$ 4,903,378</u>	<u>\$ 3,617,376</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, 2019, 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 2018-08: The Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities*. This update requires that grant funds be recorded as donations with restrictions. 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.

Treasury Bill

As of December 31, 2020, the Church had one United States Treasury Bill with a total value of \$1,000,157 bearing interest at a rate of 0% with a maturity of three months.

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, 2020.

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.

Agency trust fund

The Soup Kitchen has elected to fund its NY Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the Soup Kitchen is required to reimburse the NY Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Soup Kitchen's agency trust fund is managed by an outside organization. The balance as of December 31, 2020 was \$4,675.

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:

	Estimated Useful Life
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.

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)

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.

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. Restricted contributions whose restrictions are met in the same reporting period are recorded as without donor restrictions.

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 19,167 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's ASC 958-605-50-1. Under FASB's 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 - Concentrations of risk

Cash concentration

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, 2020, the Soup Kitchen had approximately \$1,790,000 of uninsured cash in its accounts.

Contributions receivable

The Soup Kitchen had one donor that represented approximately 29% of the outstanding contributions receivable balance as of December 31, 2020.

Grants receivable

The Soup Kitchen had two donors that represented approximately 51% of the outstanding grants receivable balance as of December 31, 2020.

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 2020, the Church charged a space utilization fee of \$260,000. As of December 31, 2020, the amount due from the Church was \$60,868.

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.

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

Note 4 - Fair value measurement (continued)

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

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, 2020:

<u>Description</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant unobservable Inputs (Level 3)</u>	<u>Total</u>
Equity securities			
Beverage Industry	\$ 2,029	\$ -	\$ 2,029
Mutual funds			
Life strategy moderate growth	2,383,619	-	2,383,619
Agency trust fund	-	4,675	4,675
Total investments	<u>\$ 2,385,648</u>	<u>\$ 4,675</u>	<u>\$ 2,390,323</u>

Level 3 investments are valued using inputs developed by the trustee of the funds.

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

Agency trust fund

Balance - beginning of year	\$ -
Contributions	19,976
Change in value	540
Withdrawals	(13,824)
Investment fees	(2,017)
Balance - end of year	<u>\$ 4,675</u>

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

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, 2020 as follows:

Cash and cash equivalents	\$ 2,040,797
Treasury bill	1,000,157
Contributions receivable	258,817
Grants receivable	294,951
Investments	2,385,648
Less those unavailable for general expenditures within one year due to:	
Donor restricted for food and other services	(195,957)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,784,413</u>

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. The Soup Kitchen also has access to a \$500,000 line of credit opened by the Church during the year, that can be drawn down as needed.

Note 6 - Property and equipment

Property and equipment as of December 31, 2020 consists of the following:

Improvement	\$ 16,114
Furniture and fixtures	26,465
Kitchen equipment	<u>88,894</u>
Total property and equipment	131,473
Less: accumulated depreciation	<u>(105,019)</u>
Property and equipment, net	<u>\$ 26,454</u>

Depreciation expense for the year ended December 31, 2020 was \$9,927.

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

Note 7 - Intangible assets

Intangible assets consist of web design and development costs, and video production costs of \$34,097. The web design and development cost is being amortized over 72 months commencing November 2020. The video production costs are being amortized over 60 months commencing January 2019. Amortization expense for the year ended December 31, 2020 was \$2,698.

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

2021	\$	4,086
2022		4,086
2023		4,086
2024		1,667
2025		1,667
Thereafter		1,388

Note 8 - Revolving line of credit

In September 2020 the Church opened a \$500,000 revolving line of credit that the Soup Kitchen has access to. The \$500,000 is available for use in day-to-day business operations. Borrowings under the loan bear interest at the one-month LIBOR rate plus 2.00%, currently 3.25%, interest is payable monthly. The loan is scheduled to mature October 1, 2023 and is collateralized by inventory, chattel paper, accounts, equipment and general intangibles of the Church. As of December 31, 2020, the outstanding balance pursuant to this revolving line of credit was \$0.

Note 9 - Net assets with donor restrictions

Components of net assets with donor restrictions as of December 31, 2020 were as follows:

Subject to the passage of time:

For food and other services	\$	<u>195,957</u>
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Note 10 - Paycheck Protection Program loan

The Soup Kitchen received a \$264,590 Paycheck Protection Program loan in June 2020. The loan accrues interest at a rate of 1%. The full amount of the loan has been forgiven as of the report date. The Soup Kitchen recognized \$264,590 as other income for the year ended December 31, 2020.

Note 11 - 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, 2020 was \$88,315.

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

Note 12 - Risks and uncertainties

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Soup Kitchen's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Soup Kitchen is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the year ended December 31, 2021.

Note 13 - Subsequent events

The Soup Kitchen's management has determined that no material events or transactions occurred subsequent to December 31, 2020 and through June 15, 2021, 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

www.bkc-cpa.com

**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, 2020 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 date June 15, 2021.

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 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

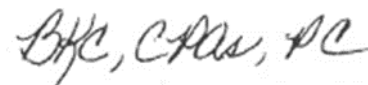
As part of obtaining reasonable assurance about whether the Soup Kitchen's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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

June 15, 2021
Flemington, New Jersey

CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM
Summary Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

2020-001 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 (unaudited): The size of the Church’s administrative staff is appropriate for the volume of 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.