

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

December 31, 2021

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

For the Year Ended December 31, 2021

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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

Opinion

We have audited the accompanying financial statements of Church of the Holy Apostles: Soup Kitchen Program (a non-profit organization), which comprise the Statement of Financial Position as of December 31, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Church of the Holy Apostles: Soup Kitchen Program as of December 31, 2021, 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 Church of the Holy Apostles: Soup Kitchen Program 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Church of the Holy Apostles:

Soup Kitchen Program'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, including omissions, 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 Church of the Holy Apostles: Soup Kitchen Program'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 Church of the Holy Apostles: Soup Kitchen Program'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



BKC, CPAs, PC

October 18, 2022
Flemington, New Jersey

CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM
Statement of Financial Position
December 31, 2021
With Summarized Financial Information as of December 31, 2020

ASSETS	2021	2020
	2021	2020
Current assets		
Cash and cash equivalents	\$ 3,034,059	\$ 2,040,797
Treasury Bill	-	1,000,157
Due from affiliates	10,052	60,868
Contributions receivable	-	258,817
Grants receivable	125,954	294,951
Prepaid expenses	2,364	-
Investments	4,623,984	2,385,648
Agency trust fund	25,857	4,675
Total current assets	7,822,270	6,045,913
Property and equipment		
Property and equipment, net of accumulated depreciation of \$113,920 and \$105,019, respectively	136,344	26,454
Other assets		
Intangible assets, net of accumulated amortization of \$21,202 and \$17,117, respectively	63,880	16,980
Total assets	\$ 8,022,494	\$ 6,089,347
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 152,653	\$ 26,719
Net assets		
Without donor restrictions	7,548,965	5,866,671
With donor restrictions	320,876	195,957
Total net assets	7,869,841	6,062,628
Total liabilities and net assets	\$ 8,022,494	\$ 6,089,347

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, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2021	2020
Revenue				
Contributions	\$ 3,188,950	\$ -	\$ 3,188,950	\$ 4,352,757
Food credits	38,896	-	38,896	-
Government grants	1,565,858	1,071,330	2,637,188	1,121,842
Donated food	1,572,882	-	1,572,882	1,432,984
Special events	15,223	-	15,223	293,083
Net assets released from restrictions	946,411	(946,411)	-	-
Total support, revenue and reclassifications	7,328,220	124,919	7,453,139	7,200,666
Expenses				
Program services	5,512,224	-	5,512,224	4,265,002
Support services				
General and administration	200,376	-	200,376	170,513
Development	177,753	-	177,753	467,863
Total expenses	5,890,353	-	5,890,353	4,903,378
Other income (expense)				
Dividends and interest	102,192	-	102,192	81,094
Investment gains (losses), net	142,235	-	142,235	169,289
Loss on disposal of assets	-	-	-	(1,335)
Paycheck Protection Program loan	-	-	-	264,590
Total other income (expense)	244,427	-	244,427	513,638
Change in net assets	1,682,294	124,919	1,807,213	2,810,926
Net assets - beginning of year	5,866,671	195,957	6,062,628	3,251,702
Net assets - end of year	\$ 7,548,965	\$ 320,876	\$ 7,869,841	\$ 6,062,628

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, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	2021	2020
Cash flows from operating activities		
Changes in net assets	\$ 1,807,213	\$ 2,810,926
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Contributed securities	(36,013)	(63,898)
Depreciation and amortization	12,987	12,625
Loss on disposal of assets	-	1,335
Reinvested dividends and interest	(99,163)	(76,483)
Realized and unrealized (gain) loss on investments	(142,235)	(169,289)
(Increase) decrease in assets		
Due from the Church	50,816	428,224
Contributions receivable	258,817	(141,559)
Grants receivable	168,997	(111,134)
Prepaid expenses	(2,364)	71,619
Decrease in liabilities		
Accounts payable and accrued expenses	125,934	(75,858)
Total adjustments	337,776	(124,418)
Net cash provided by operating activities	2,144,989	2,686,508
Cash flows from investing activities		
Purchase of Treasury Bill	-	(999,945)
Maturity of Treasury Bill	1,000,157	-
Purchase of investments	(2,022,332)	(509,067)
Proceeds from sale of investments	40,225	107,962
Purchase of property and equipment	(118,791)	-
Purchase of intangible asset	(50,986)	(10,000)
Net cash used in investing activities	(1,151,727)	(1,411,050)
Net change in cash and cash equivalents	993,262	1,275,458
Cash and cash equivalents - beginning of year	2,040,797	765,339
Cash and cash equivalents - end of year	\$ 3,034,059	\$ 2,040,797

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, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	Program Services	Support Services		Total	
		General and Administrative	Development	2021	2020
Salaries and related expenses					
Salaries	\$ 934,595	\$ 24,813	\$ 43,538	\$ 1,002,946	\$ 1,203,065
Employee benefits	349,637	16,366	8,732	374,735	378,890
Payroll taxes	68,660	1,191	2,970	72,821	67,067
Total salaries and related expenses	1,352,892	42,370	55,240	1,450,502	1,649,022
Food, supplies, program expenses	3,508,753	13,818	11,009	3,533,580	2,436,678
Maintenance and repairs	34,798	4,470	89	39,357	51,652
Professional fees	35,455	60,242	39,232	134,929	153,268
Technology and communications	88,593	9,935	3,401	101,929	-
Publications and memberships	376	33	8	417	447
Utilities	65,939	739	1,311	67,989	65,399
Program promotion	1,344	-	5	1,349	1,030
Insurance	3,500	-	-	3,500	-
Equipment rental	4,982	79	140	5,201	5,209
Miscellaneous	20,660	55,240	-	75,900	58,669
Allocation of space utilization fee and building expenses	261,293	-	-	261,293	260,000
Travel	627	(29)	75	673	1,059
Postage and delivery	4,404	305	19,455	24,164	2,846
Printing and publications	128,608	187	47,788	176,583	205,474
Depreciation and amortization	-	12,987	-	12,987	12,625
Total functional expenses	\$ 5,512,224	\$ 200,376	\$ 177,753	\$ 5,890,353	\$ 4,903,378

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, 2020, 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)

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, 2021.

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.

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.

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

Note 1 - Summary of significant accounting policies (continued)

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, 2021, was \$25,857.

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, production of a video for the website and implementation of new software. The website costs are amortized over six years. The video production costs, and software 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. 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 13,988 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, 2021, the Soup Kitchen had approximately \$2,490,000 of uninsured cash in its accounts.

Grants receivable

The Soup Kitchen had three donors that represented approximately 84% of the outstanding grants receivable balance as of December 31, 2021.

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 2021, the Church charged a space utilization fee of \$260,000. As of December 31, 2021, the amount due from the Church was \$9,859.

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, 2021:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant unobservable Inputs (Level 3)	Total
Money market funds	\$ 2,000,140	\$ -	\$ 2,000,140
Mutual funds			
Life strategy moderate growth	2,623,844	-	2,623,844
Agency trust fund	-	25,857	25,857
Total investments	<u>\$ 4,623,984</u>	<u>\$ 25,857</u>	<u>\$ 4,849,841</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):

<u>Agency trust fund</u>	
Balance - beginning of year	\$ 4,675
Contributions	22,332
Investment income	1,033
Investment fees	(2,183)
Balance - end of year	<u>\$ 25,857</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, 2021 as follows:

Cash and cash equivalents	\$ 3,034,059
Grants receivable	125,954
Investments	4,623,984
Due from affiliates	10,052
Less those unavailable for general expenditures within one year due to:	
Donor restricted for food and other services	(320,876)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,473,173</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, 2021 consists of the following:

Improvement	\$ 16,114
Furniture and fixtures	26,465
Kitchen equipment	113,988
Construction in progress	93,697
Total property and equipment	<u>250,264</u>
Less: accumulated depreciation	<u>(113,920)</u>
Property and equipment, net	<u>\$ 136,344</u>

Depreciation expense for the year ended December 31, 2021 was \$8,901.

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

Note 7 - Intangible assets

Intangibles consist of the following as of December 31, 2021:

	Cost	Accumulated Amortization	Net of Accumulated Amortization
Web Design	\$ 37,000	\$ 13,944	\$ 23,056
Video Production	12,097	7,258	4,839
Software	35,985	-	35,985
Total	\$ 85,082	\$ 21,202	\$ 63,880

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

2022	\$ 6,510
2023	13,783
2024	11,364
2025	11,364
2026	11,086
Thereafter	9,773

Amortization expense for the year ended December 31, 2021 was \$4,086.

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, 2021, 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, 2021, were as follows:

Subject to the passage of time:

For food and other services	\$ 320,876
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Note 10 - 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, 2021 was \$95,875.

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

Note 11 - Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Note 12 - Change in accounting standards

ASU 2016-02: The FASB issued ASU 2016-02, *Leases*. This ASU recognizes as a liability, non-cancellable leases. The liability is offset by an amortizable asset called a right to use. This ASU will be effective to the Soup Kitchen in the year ending December 31, 2022. Management has not completed its assessment of the impact of this change.

ASU 2020-07: The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets and requires these assets to be presented as a separate line item in the statement of activities, and also requires expanded disclosures. This ASU will be effective to the Soup Kitchen in the year ending December 31, 2022. Management has not completed its assessment of the impact of this change.

Note 13 - 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, 2022.

Note 14 - Subsequent events

The Soup Kitchen has submitted an application to FEMA for a grant to reimburse some amount, which could be as much as \$500,000 of expenses attributable to 2021. No money has been received for this grant due to delays in decision making by the Federal government. The Soup Kitchen expects that it is likely to receive some of these grant funds in 2022.

The Soup Kitchen's Management has determined that no additional material events or transactions occurred subsequent to December 31, 2021 and through October 18, 2022, 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) which comprise the Statement of Financial Position as of December 31, 2021, 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, which collectively comprise the Church of the Holy Apostles: Soup Kitchen Program and have issued our report thereon dated October 18, 2022.

Report on 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 2021-001 that we consider to be a significant deficiency.

Report on 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

October 18, 2022
Flemington, New Jersey

CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM
Summary Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

2021-001 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.