

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

December 31, 2022

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

For the Year Ended December 31, 2022

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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, 2022, 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, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 and *Government 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 September 20, 2023, 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. This 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



BKC, CPAS, PC

September 20, 2023
Flemington, New Jersey

CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM
Statement of Financial Position
December 31, 2022
With Summarized Financial Information as of December 31, 2021

ASSETS

	2022	2021
Current assets		
Cash and cash equivalents	\$ 2,875,879	\$ 3,034,059
Due from affiliates	2,040,981	10,052
Contributions receivable	3,150	-
Grants receivable	-	125,954
Prepaid expenses	11,406	2,364
Investments	2,742,327	4,649,841
Total current assets	7,673,743	7,822,270
Property and equipment		
Property and equipment, net of accumulated depreciation of \$124,061 and \$113,920, respectively	39,952	136,344
Other assets		
Intangible assets, net of accumulated amortization of \$38,815 and \$21,202, respectively	83,792	63,880
Total assets	\$ 7,797,487	\$ 8,022,494

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 86,377	\$ 152,653
Net assets		
Without donor restrictions	7,302,525	7,548,965
With donor restrictions	408,585	320,876
Total net assets	7,711,110	7,869,841
Total liabilities and net assets	\$ 7,797,487	\$ 8,022,494

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, 2022
With Summarized Financial Information for the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Revenue				
Contributions	\$ 3,267,290	\$ -	\$ 3,267,290	\$ 3,188,950
Food credits	357,191	-	357,191	38,896
Government grants	362,783	678,509	1,041,292	2,637,188
Contributed nonfinancial assets	1,524,930	-	1,524,930	1,572,882
Special events	-	-	-	15,223
Net assets released from restrictions	590,800	(590,800)	-	-
Total support, revenue and reclassifications	6,102,994	87,709	6,190,703	7,453,139
Expenses				
Program services	4,954,199	-	4,954,199	5,512,224
Support services				
General and administration	357,310	-	357,310	200,376
Development	634,304	-	634,304	177,753
Total expenses	5,945,813	-	5,945,813	5,890,353
Other income (expense)				
Dividends and interest	64,303	-	64,303	102,192
Investment gains (losses), net	(467,924)	-	(467,924)	142,235
Total other income (expense)	(403,621)	-	(403,621)	244,427
Change in net assets	(246,440)	87,709	(158,731)	1,807,213
Net assets - beginning of year	7,548,965	320,876	7,869,841	6,062,628
Net assets - end of year	\$ 7,302,525	\$ 408,585	\$ 7,711,110	\$ 7,869,841

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, 2022
With Summarized Financial Information for the Year Ended December 31, 2021

	2022	2021
Cash flows from operating activities		
Changes in net assets	\$ (158,731)	\$ 1,807,213
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Contributed securities	-	(36,013)
Depreciation and amortization	27,755	12,987
Reinvested dividends and interest	(62,539)	(99,163)
Investment (gains) losses, net	467,869	(142,235)
(Increase) decrease in assets		
Due from the Church	(441,232)	50,816
Contributions receivable	(3,150)	258,817
Grants receivable	125,954	168,997
Prepaid expenses	(9,042)	(2,364)
Decrease in liabilities		
Accounts payable and accrued expenses	(66,276)	125,934
Total adjustments	39,339	337,776
Net cash (used in) provided by operating activities	(119,392)	2,144,989
Cash flows from investing activities		
Maturity of Treasury Bill	-	1,000,157
Purchase of investments	-	(2,022,332)
Proceeds from sale of investments	2,184	40,225
Purchase of property and equipment	(7,447)	(118,791)
Purchase of intangible asset	(33,525)	(50,986)
Net cash used in investing activities	(38,788)	(1,151,727)
Net change in cash and cash equivalents	(158,180)	993,262
Cash and cash equivalents - beginning of year	3,034,059	2,040,797
Cash and cash equivalents - end of year	\$ 2,875,879	\$ 3,034,059

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, 2022
With Summarized Financial Information for the Year Ended December 31, 2021

	Program Services	Support Services		Total	
		General and Administrative	Development	2022	2021
Salaries and related expenses					
Salaries	\$ 764,498	\$ 79,678	\$ 172,930	\$ 1,017,106	\$ 1,002,946
Employee benefits	322,471	33,609	72,944	429,024	374,735
Payroll taxes	46,048	3,907	12,305	62,260	72,821
Total salaries and related expenses	1,133,017	117,194	258,179	1,508,390	1,450,502
Food, supplies, program expenses	3,379,251	-	-	3,379,251	3,533,580
Maintenance and repairs	18,427	18,407	856	37,690	39,357
Professional fees	6,142	121,328	247,291	374,761	134,929
Technology and communications	42,031	45,897	10,931	98,859	101,929
Publications and memberships	4,356	520	11,419	16,295	417
Utilities	80,619	4,796	8,515	93,930	67,989
Program promotion	-	-	-	-	1,349
Insurance	22,131	1,571	2,789	26,491	3,500
Equipment rental	4,149	283	502	4,934	5,201
Miscellaneous	2,126	17,343	-	19,469	75,900
Allocation of space utilization fee and building expenses	260,257	-	-	260,257	261,293
Travel	935	1,974	201	3,110	673
Postage and delivery	52	222	84,496	84,770	24,164
Printing and publications	706	20	9,125	9,851	176,583
Depreciation and amortization	-	27,755	-	27,755	12,987
Total functional expenses	\$ 4,954,199	\$ 357,310	\$ 634,304	\$ 5,945,813	\$ 5,890,353

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, 2021, from which the summarized information was derived.

Income taxes

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, 2022.

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. When the investments are sold, gains and losses are classified as realized. 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.

Food credits

Food credit income is recorded when received and consists of credits given by state and local agencies for the Soup Kitchen to purchase food.

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.

Investment in grantor trust

The Soup Kitchen has elected to fund its NY Unemployment Compensation Insurance under a grantor trust agreement funded collaboratively with other non-profit organizations. The Soup Kitchen's grantor trust fund is managed by an outside organization. The balance as of December 31, 2022, was \$20,749 and is included in investments.

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.

Revenue recognition

Contributions

Contributions are reported as increases in net assets without donor restrictions when received, unless use of the related assets is limited by donor-imposed 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.

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.

Contributed services

The Soup Kitchen receives a substantial amount of donated services from volunteers, approximately 14,362 hours of services, to support fundraising and administrative efforts. The value of these donated services is not included in these financial services as they do not meet the criteria for recognition. There are also goods received by the Soup Kitchen and then distributed to recipients. The value of these donations has been recorded in the financial statements as contributed nonfinancial assets revenue.

Allocation of expenses

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

Change in accounting standard

ASU 2020-07: The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of the information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The Soup Kitchen implemented this standard for the year ended December 31, 2022, and updated the disclosures as necessary. This standard was also retrospectively applied to the December 31, 2021, statement balances and disclosures.

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, 2022, the Soup Kitchen had approximately \$2,268,000 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 2022, the Church charged a space utilization fee of \$260,000. During the year ended December 31, 2022, the Soup Kitchen paid for a large amount of construction costs on behalf of the Church, the construction is still in progress. As of December 31, 2022, the amount due from the Church was \$2,043,266.

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, 2022:

<u>Description</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant unobservable Inputs (Level 3)	Total
Money market funds	\$ 517,487	\$ -	\$ 517,487
Mutual funds	2,204,091	-	2,204,091
Investment in grantor trust	-	20,749	20,749
Total investments	<u>\$ 2,721,578</u>	<u>\$ 20,749</u>	<u>\$ 2,742,327</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>Investment in grantor trust</u>	
Balance - beginning of year	\$ 25,857
Contributions	-
Investment loss	(2,924)
Investment fees	(2,184)
Balance - end of year	<u>\$ 20,749</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, 2022, as follows:

Cash and cash equivalents	\$ 2,875,879
Contributions receivable	3,150
Investments	2,742,327
Due from affiliates	2,040,981
Less those unavailable for general expenditures within one year due to:	
Donor restricted for food and other services	(408,585)
Financial assets available to meet cash needs for general expenditure within one year	\$ 7,253,752

In addition to financial assets available to meet general expenditures over the year, the Soup Kitchen monitors its liquidity monthly, 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, 2022, consists of the following:

Improvement	\$ 16,114
Furniture and fixtures	33,911
Kitchen equipment	113,988
	8
Total property and equipment	164,013
Less: accumulated depreciation	(124,061)
Property and equipment, net	\$ 39,952

Depreciation expense for the year ended December 31, 2022, was \$10,142.

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, 2022:

	Cost	Accumulated Amortization	Net of Accumulated Amortization
Web Design	\$ 37,000	\$ 18,110	\$ 18,890
Video Production	12,097	9,678	2,419
Software	73,509	11,026	62,483
Total	\$ 122,607	\$ 38,815	\$ 83,792

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

2023	\$ 21,288
2024	18,869
2025	18,869
2026	18,869
2027	5,897

Amortization expense for the year ended December 31, 2022, was \$17,613.

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 prime 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, 2022, 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, 2022, were as follows:

Subject to the passage of time:

For food and other services	\$ 408,585
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CHURCH OF THE HOLY APOSTLES: SOUP KITCHEN PROGRAM
Notes to the Financial Statements

Note 10 - Contributed nonfinancial assets

The Soup Kitchen received significant in-kind contributions from members of the community related to program operations. The Soup Kitchen recognizes contributed nonfinancial asset revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During the year ending December 31, 2022, the Soup Kitchen received the following donated nonfinancial assets:

<u>Utilization in programs/activities</u>	<u>2022</u>	<u>2021</u>
Soup Kitchen food	\$ 1,524,930	\$ 1,572,882

The donated nonfinancial assets received consisted of food. These same nonfinancial assets were distributed through community programs. The food donated was valued at \$1.72 per pound based on IRS guidelines.

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, 2022, was \$90,593.

Note 12 - Subsequent events

The Soup Kitchen's Management has determined that no material events or transactions occurred subsequent to December 31, 2022, and through September 20, 2023, 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, 2022, 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 September 20, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses and significant deficiencies may exist that have not been identified.

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*.

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

September 20, 2023
Flemington, New Jersey