



TRENTON AREA SOUP KITCHEN, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Trenton Area Soup Kitchen, Inc.
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Trenton Area Soup Kitchen, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Trenton Area Soup Kitchen, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trenton Area Soup Kitchen, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Trenton Area Soup Kitchen, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Trenton Area Soup Kitchen, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 and *Government 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 Trenton Area Soup Kitchen, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trenton Area Soup Kitchen, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by State of New Jersey Circular 15-08-OMB, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024, on our consideration of Trenton Area Soup Kitchen, Inc.'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 solely 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 the effectiveness of Trenton Area Soup Kitchen, Inc.'s 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 Trenton Area Soup Kitchen, Inc.'s internal control over financial reporting and compliance.

Lear & Pannepacker, LLP

Princeton, New Jersey

March 22, 2024



Trenton Area Soup Kitchen, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 1,500,017	\$ 518,334
Accounts receivable	10,890	--
Pledges receivable	21,056	--
Grants receivable	81,572	187,339
Accrued interest receivable	34,088	26,929
Prepaid expenses and other assets	58,762	38,060
Investments	10,489,003	10,242,514
Property and equipment, net	<u>3,804,351</u>	<u>3,868,593</u>
Total assets	<u>\$ 15,999,739</u>	<u>\$ 14,881,769</u>
Liabilities and net assets		
Liabilities		
Accounts payable	\$ 67,716	\$ 59,048
Accrued expenses	<u>88,745</u>	<u>83,268</u>
Total liabilities	156,461	142,316
Net assets		
Without donor restrictions		
Undesignated	6,287,863	5,381,772
Board-designated	<u>8,412,304</u>	<u>8,222,070</u>
	14,700,167	13,603,842
With donor restrictions	<u>1,143,111</u>	<u>1,135,611</u>
Total net assets	<u>15,843,278</u>	<u>14,739,453</u>
Total liabilities and net assets	<u>\$ 15,999,739</u>	<u>\$ 14,881,769</u>

See notes to financial statements

Trenton Area Soup Kitchen, Inc.
Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions of financial assets			
Contributions	\$ 4,595,107	\$ --	\$ 4,595,107
Grant income	843,758	77,500	921,258
Contributions of nonfinancial assets	1,033,756	--	1,033,756
Payroll tax assistance - CARES Act	500,614	--	500,614
Investment income, net	437,319	--	437,319
Gain on disposal of property and equipment	16,051	--	16,051
Other income	<u>2,122</u>	<u>--</u>	<u>2,122</u>
	<u>7,428,727</u>	<u>77,500</u>	<u>7,506,227</u>
Net assets released from restrictions	<u>70,000</u>	<u>(70,000)</u>	<u>--</u>
Total support and revenue	7,498,727	7,500	7,506,227
Expenses			
Program expenses	4,924,116	--	4,924,116
General and administrative	940,116	--	940,116
Fundraising	<u>538,170</u>	<u>--</u>	<u>538,170</u>
Total expenses	<u>6,402,402</u>	<u>--</u>	<u>6,402,402</u>
Change in net assets	1,096,325	7,500	1,103,825
Net assets – beginning of year	<u>13,603,842</u>	<u>1,135,611</u>	<u>14,739,453</u>
Net assets – end of year	<u>\$ 14,700,167</u>	<u>\$ 1,143,111</u>	<u>\$ 15,843,278</u>

See notes to financial statements

Trenton Area Soup Kitchen, Inc.
Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions of financial assets			
Contributions	\$ 4,776,072	\$ --	\$ 4,776,072
Grant income	1,183,673	70,000	1,253,673
Contributions of nonfinancial assets	401,525	--	401,525
Investment loss, net	<u>(1,332,318)</u>	<u>--</u>	<u>(1,332,318)</u>
	5,028,952	70,000	5,098,952
Net assets released from restrictions	<u>--</u>	<u>--</u>	<u>--</u>
Total support and revenue	5,028,952	70,000	5,098,952
Expenses			
Program expenses	4,506,846	--	4,506,846
General and administrative	661,858	--	661,858
Fundraising	<u>358,619</u>	<u>--</u>	<u>358,619</u>
Total expenses	<u>5,527,323</u>	<u>--</u>	<u>5,527,323</u>
Change in net assets	(498,371)	70,000	(428,371)
Net assets – beginning of year	<u>14,102,213</u>	<u>1,065,611</u>	<u>15,167,824</u>
Net assets – end of year	<u>\$ 13,603,842</u>	<u>\$ 1,135,611</u>	<u>\$ 14,739,453</u>

See notes to financial statements

Trenton Area Soup Kitchen, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,570,280	\$ 439,723	\$ 246,146	\$ 2,256,149
Food	1,766,252	--	--	1,766,252
Employee benefits	339,798	95,153	53,264	488,215
Case management/patron services	328,350	--	--	328,350
Professional fees	--	220,825	36,547	257,372
Depreciation	176,738	25,919	20,780	223,437
Payroll taxes	121,184	33,935	18,996	174,115
Postage	46,059	30,706	76,764	153,529
Kitchen supplies	134,554	--	--	134,554
Utilities and trash collection	67,275	9,866	7,910	85,051
Insurance	43,824	29,216	4,251	77,291
Adult educational program supplies	72,487	--	--	72,487
Building and equipment maintenance	51,187	7,507	6,018	64,712
Day center services for patrons	60,000	--	--	60,000
Advertising and marketing	32,786	--	20,180	52,966
Information technology	35,310	5,178	4,152	44,640
Culinary program	24,669	--	--	24,669
Credit card processing	--	11,334	11,334	22,668
Database license	--	--	18,609	18,609
Staff training	5,595	11,668	--	17,263
Community and volunteer services	16,373	--	--	16,373
Auto expenses	16,097	--	--	16,097
Miscellaneous	--	14,936	--	14,936
Telephone	9,673	1,418	1,137	12,228
Fundraising consultant	--	--	10,248	10,248
Arts/ideas/kids time material and supplies	5,625	2,043	1,834	9,502
Minor equipment	--	689	--	689
Total expenses	<u>\$ 4,924,116</u>	<u>\$ 940,116</u>	<u>\$ 538,170</u>	<u>\$ 6,402,402</u>

See notes to financial statements

Trenton Area Soup Kitchen, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,175,505	\$ 402,626	\$ 177,661	\$ 1,755,792
Food	1,856,225	--	--	1,856,225
Employee benefits	357,679	72,773	52,460	482,912
Case management/patron services	128,008	--	--	128,008
Professional fees	--	98,003	8,011	106,014
Depreciation	168,871	1,475	1,132	171,478
Payroll taxes	104,112	37,140	15,357	156,609
Postage	119,394	13,525	13,993	146,912
Kitchen supplies	147,981	--	--	147,981
Utilities and trash collection	69,823	--	--	69,823
Insurance	51,749	11,147	3,049	65,945
Adult educational program supplies	24,632	129	64	24,825
Building and equipment maintenance	75,231	115	115	75,461
Day center services for patrons	55,002	--	--	55,002
Advertising and marketing	28,332	8,613	7,437	44,382
Information technology	19,977	4,849	2,930	27,756
Credit card processing	--	--	23,008	23,008
Database license	--	--	1,000	1,000
Staff training	5,647	1,063	--	6,710
Community and volunteer services	22	--	--	22
Auto expenses	15,242	--	--	15,242
Miscellaneous	3,751	6,913	--	10,664
Telephone	5,203	1,761	1,041	8,005
Fundraising consultant	--	--	50,209	50,209
Arts/ideas/kids time material and supplies	18,822	--	--	18,822
Minor equipment	5,025	--	--	5,025
Temporary staffing	62,414	--	--	62,414
Office supplies	8,199	1,726	1,152	11,077
Total expenses	<u>\$ 4,506,846</u>	<u>\$ 661,858</u>	<u>\$ 358,619</u>	<u>\$ 5,527,323</u>

See notes to financial statements

Trenton Area Soup Kitchen, Inc.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 1,103,825	\$(428,371)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	223,437	171,478
Net realized and unrealized (gain) loss on investments	(185,578)	1,599,667
Gain on disposal of property and equipment	(16,051)	--
(Increase) decrease in operating assets:		
Accounts receivable	(10,890)	20,794
Pledges receivable	(21,056)	--
Grants receivable	105,767	(82,979)
Accrued interest receivable	(7,159)	(1,573)
Prepaid expenses and other assets	(20,702)	(15,014)
Increase (decrease) in operating liabilities:		
Accounts payable	8,668	(8,982)
Accrued expenses	<u>5,477</u>	<u>25,582</u>
Net cash provided by operating activities	1,185,738	1,280,602
Cash flows from investing activities		
Purchases of investments	(3,176,625)	(3,342,407)
Proceeds from sales of investments	3,115,714	2,238,105
Proceeds from disposal of property and equipment	17,644	--
Purchase of property and equipment	<u>(160,788)</u>	<u>(862,331)</u>
Net cash used in investing activities	<u>(204,055)</u>	<u>(1,966,633)</u>
Change in cash	981,683	(686,031)
Cash at beginning of year	<u>518,334</u>	<u>1,204,365</u>
Cash at end of year	<u>\$ 1,500,017</u>	<u>\$ 518,334</u>
Supplemental disclosures of cash flow information		
Non-cash contributions - securities	\$ <u>61,398</u>	\$ <u>78,987</u>
Non-cash contributions - food and supplies	\$ <u>1,033,756</u>	\$ <u>401,525</u>

See notes to financial statements

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Summary of significant accounting policies

Significant accounting policies followed by Trenton Area Soup Kitchen, Inc. (TASK) in the preparation of the accompanying financial statements are summarized below:

Nature of organization

Trenton Area Soup Kitchen, Inc. is an independent, nonprofit organization incorporated in 1982 under the laws of the State of New Jersey. TASK seeks to feed those who are hungry in the Trenton area by preparing and serving meals at its Escher Street dining room and 36 community meal sites across the community. TASK also offers programs and services to enhance self-sufficiency and improve quality of life, including adult education, job search assistance, workforce development, case management, identification, creative arts and the provision of basic necessities.

Basis of presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. TASK uses the following classifications to distinguish among restrictions:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions may be spent for any purpose in performing the primary objectives of TASK. These net assets may be used at the discretion of TASK's management and the Board of Trustees. Contributions with donor imposed restrictions that are met during the same year as the contribution is received are included in net assets without donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TASK or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

Cash consists of checking and savings accounts. For purposes of the financial statements, TASK considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. TASK has no cash equivalents at June 30, 2023 and 2022.

Investments

Investments with readily determinable fair values are measured at fair value based on quoted market prices in the accompanying financial statements. Investment income or loss (including gains and losses in investments, interest, dividends and investment fees) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Revenue and support recognition

Contributions, which include unconditional promises to give, are recognized in the period in which they are received or promised. Contributions are considered to be unrestricted unless specifically restricted by the donor.

TASK recognizes grant revenues when awarded, and to the extent that expenses have been incurred for the purposes specified by the grantor for reimbursable grants.

Property and equipment

Property and equipment are recorded at cost. Generally, acquisitions over \$5,000 are capitalized. Maintenance and repairs that do not improve or extend the lives of assets are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. At time of retirement or other disposition of assets the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in revenues or expenses.

Contributed property and equipment is recorded at fair market value at the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Functional expenses

The costs of providing programs and other activities are summarized in the statement of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management. Expenses that are allocated include salaries, utilities, telephone and related expenses, which are allocated on the basis of estimates of time and efforts, as well as depreciation, which is allocated on a square footage basis. Other costs are allocated based upon direct cost method and historical percentages.

Advertising

TASK expenses advertising and marketing costs as they are incurred. Total advertising expense for the years ended June 30, 2023 and 2022 totaled \$52,966 and \$44,382, respectively.

Income taxes

TASK has been classified by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code ("the Code") as exempt from federal income taxes under section 501(a) of the Code.

In accordance with ASC Topic 740 "Accounting for Uncertainty in Income Taxes", TASK has evaluated its tax positions. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than fifty percent.

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Income taxes (continued)

For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Under the “more likely than not” threshold guidelines, TASK believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. In addition, TASK had no material unrecognized tax benefits or accrued interest and penalties.

TASK’s policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in income tax expense.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

Note 2 – Adoption of new accounting pronouncement

During the year ended June 30, 2023, TASK adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), ASU 2016-02 *Leases* using the modified retrospective approach with July 1, 2022 as the date of initial adoption. TASK elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed TASK to carry forward the historical lease classification and to exclude leases with an initial term of one-year or less from its right-of-use asset and lease liability. This standard increases transparency and comparability in financial reporting by requiring financial position recognition of leases and note disclosure of certain information about lease arrangements. Management has analyzed the provisions of ASU 2016-02 and has concluded that no changes are necessary to conform with the new standard as the resulting right-of-use asset and operating lease liability would not be significant to the financial statements.

Note 3 – Investments and fair value measurements

TASK states investments at market value. These consisted of investments held at a financial institution. Cost and fair value at June 30 is summarized below:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 151,650	\$ 151,650	\$ 305,750	\$ 305,750
Certificates of deposit	484,000	483,215	500,000	499,564
Government securities	2,663,699	2,291,389	2,561,414	2,269,770
Corporate bonds	2,281,770	2,018,451	2,261,207	2,007,719
Mutual funds	5,771,259	5,377,444	5,841,497	5,002,854
Pooled investments	<u>82,779</u>	<u>166,854</u>	<u>82,155</u>	<u>156,857</u>
Total	<u>\$ 11,435,157</u>	<u>\$ 10,489,003</u>	<u>\$ 11,552,023</u>	<u>\$ 10,242,514</u>

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Investments and fair value measurements (continued)

The components of investment income (loss) consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 281,687	\$ 300,419
Realized and unrealized gain (loss)	185,578	(1,599,667)
Investment fees	<u>(29,946)</u>	<u>(33,070)</u>
	<u>\$ 437,319</u>	<u>\$ (1,332,318)</u>

Financial Accounting Standards Board ASC 820, Fair Value Measurements, provides a framework for measuring, reporting and disclosing fair value under U.S. GAAP. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments in investee funds for the years ended June 30, 2023 and 2022 totaling \$166,854 and \$156,857, respectively, are valued using the net asset values (NAV) of the underlying investee fund as a practical expedient and are not categorized within the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, TASK's investments at fair value as of June 30.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2023				
Cash	\$ 151,650	\$ --	\$ --	\$ 151,650
Certificates of deposits	--	483,215	--	483,215
Government securities	2,291,389	--	--	2,291,389
Corporate bonds	2,018,451	--	--	2,018,451
Mutual funds	<u>5,377,444</u>	<u>--</u>	<u>--</u>	<u>5,377,444</u>
	<u>\$ 9,838,934</u>	<u>\$ 483,215</u>	<u>\$ --</u>	<u>\$ 10,322,149</u>

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – Investments and fair value measurements (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2022				
Cash	\$ 305,750	\$ --	\$ --	\$ 305,750
Certificates of deposits	--	499,564	--	499,564
Government securities	2,269,770	--	--	2,269,770
Corporate bonds	2,007,719	--	--	2,007,719
Mutual funds	<u>5,002,854</u>	<u>--</u>	<u>--</u>	<u>5,002,854</u>
	<u>\$ 9,586,093</u>	<u>\$ 499,564</u>	<u>\$ --</u>	<u>\$ 10,085,657</u>

Note 4 – Property and equipment

Property and equipment consists of the following at June 30:

	<u>Estimated useful lives</u>	<u>2023</u>	<u>2022</u>
Buildings and renovations	5 - 40	\$ 4,801,381	\$ 4,712,818
Equipment	5 - 15	588,957	587,554
Vehicles	5	82,625	56,130
Computers	5 - 10	<u>8,614</u>	<u>25,209</u>
		5,481,577	5,381,711
Less: accumulated depreciation		<u>(1,677,226)</u>	<u>(1,513,118)</u>
Property and equipment, net		<u>\$ 3,804,351</u>	<u>\$ 3,868,593</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$223,437 and \$171,478, respectively.

Note 5 – Nonfinancial contributions of food and supplies

TASK receives donations of food and supplies during the year in addition to food that is purchased. The donated food and supplies have been recorded as both a contribution and a program expense at a value equal to the estimated cost to purchase. Nonfinancial contributions of food and supplies consist of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Food	\$ 785,186	\$ 340,884
Supplies	<u>248,570</u>	<u>60,641</u>
	<u>\$ 1,033,756</u>	<u>\$ 401,525</u>

Note 6 – Net assets

Net assets with donor restrictions consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Endowment funds held in perpetuity	\$ 1,065,611	\$ 1,065,611
Donor restricted for purpose	<u>77,500</u>	<u>70,000</u>
	<u>\$ 1,143,111</u>	<u>\$ 1,135,611</u>

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 6 – Net assets (continued)

Net assets with donor restrictions of \$70,000 were released from donor restrictions by incurring expenses satisfying the purpose specified by donors during the year ended June 30, 2023.

Board-designated net assets without donor restrictions consist of funds to be used for strategic initiatives approved by the board on a discretionary basis.

Note 7 – Concentration of risk

During the years ended June 30, 2023 and 2022, TASK routinely maintained funds in excess of the FDIC insured maximum. TASK has not experienced any losses and believes it is not exposed to any significant credit risk on such funds.

Note 8 – Operating lease obligations

TASK has operating leases for equipment expiring through April 2025.

The future minimum lease payments due in the years ending June 30 are as follows:

2024	\$	7,439
2025		<u>6,199</u>
	\$	<u><u>13,638</u></u>

Rent expense for the years ended June 30, 2023 and 2022 was \$7,694 and \$4,620, respectively.

Note 9 – Endowment

TASK's endowment consists of certificates of deposit, money market and corporate bonds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including designated by the Board of Trustees to function as endowments, are classified and are reported based on the existence or absence of donor-imposed restrictions.

TASK has adopted the accounting guidance issued by the FASB related to Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. This provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which serves as a model act approved by the Uniform Law Commission and as a model act for states to use in enacting legislation. UPMIFA was enacted in the State of New Jersey in June 2009. This guidance also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and the Organization's board-designated endowment funds). The enhanced disclosures required as a result of the adoption of this guidance have been incorporated within this note.

TASK has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds, explicit donor stipulations to the contrary. As a result of this interpretation, TASK classified as net assets with donor restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of endowment funds are classified as net assets without donor restrictions.

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 9 – Endowment (continued)

TASK has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets.

Endowment activity for the years ended June 30, 2023 and 2022 are as follows:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 8,941,420	\$ 1,065,611	\$ 10,007,031
Investment income	(1,101,846)	--	(1,101,846)
Transfers	500,000	--	500,000
Appropriated for expenditures	<u>(117,504)</u>	<u>--</u>	<u>(117,504)</u>
Endowment net assets, June 30, 2022	8,222,070	1,065,611	9,287,681
Investment income	291,920	--	291,920
Appropriated for expenditures	<u>(101,686)</u>	<u>--</u>	<u>(101,686)</u>
Endowment net assets, June 30, 2023	<u>\$ 8,412,304</u>	<u>\$ 1,065,611</u>	<u>\$ 9,477,915</u>

Note 10 – Employee retirement plan

TASK maintains a 401(k) and profit sharing plan for the benefit of all eligible employees. Employees can contribute up to the maximum allowed by the Internal Revenue Service. In addition, TASK contributes 5% of eligible employees' annual compensation after completing one year of employment. The expense to TASK under this plan was \$84,894 and \$70,022 for the years ended June 30, 2023 and 2022, respectively.

Note 11 – Liquidity and availability of financial assets

As part of TASK's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. The following reflects TASK's financial assets available to be used for general expenditures within one year of June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,500,017	\$ 518,334
Accounts receivable	10,890	--
Pledges receivable	21,056	--
Grants receivable	81,572	187,339
Accrued interest receivable	34,088	26,929
Investments	<u>10,489,003</u>	<u>10,242,514</u>
Total financial assets	12,136,626	10,975,116
Less those unavailable for general expenditures with one year due to:		
Donor restrictions	(1,143,111)	(1,135,611)
Board designations	<u>(8,412,304)</u>	<u>(8,222,070)</u>
	<u>\$ 2,581,211</u>	<u>\$ 1,617,435</u>

Trenton Area Soup Kitchen, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 12 – Related party transactions

TASK received donations from members of its board of trustees totaling \$20,090 and \$14,030 for the years ended June 30, 2023 and 2022, respectively.

Note 13 – Subsequent events

TASK evaluated subsequent events through March 22, 2024, which is the date the financial statements were available for issuance and has not noted any events to be disclosed.



INDEPENDENT AUDITOR’S 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

To the Board of Trustees
Trenton Area Soup Kitchen, Inc.

We have audited, in accordance with the 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 Trenton Area Soup Kitchen, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trenton Area Soup Kitchen, Inc.’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trenton Area Soup Kitchen, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Trenton Area Soup Kitchen, Inc.’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 a 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. However, material weaknesses or significant deficiencies may exist that were not identified.

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INDEPENDENT AUDITOR’S 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 (continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trenton Area Soup Kitchen, Inc.’s financial statements are free from 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 financial statements. 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 this 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 Trenton Area Soup Kitchen, Inc.’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trenton Area Soup Kitchen, Inc.’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lear & Pannepacker, LLP

Princeton, New Jersey

March 22, 2024





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB

To the Board of Trustees
Trenton Area Soup Kitchen, Inc.

Report on Compliance for Each Major State Program
Opinion on Each Major State Program

We have audited Trenton Area Soup Kitchen, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the State of New Jersey Circular OMB-15-08 Compliance Supplement that could have a direct and material effect on the Trenton Area Soup Kitchen, Inc.'s major state program for the year ended June 30, 2023. Trenton Area Soup Kitchen, Inc.'s major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Trenton Area Soup Kitchen, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; State of New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Trenton Area Soup Kitchen, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of Trenton Area Soup Kitchen, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Trenton Area Soup Kitchen, Inc.'s state programs.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB (continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Trenton Area Soup Kitchen, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the State of New Jersey Circular 15-08-OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Trenton Area Soup Kitchen, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of New Jersey Circular 15-08-OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Trenton Area Soup Kitchen, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Trenton Area Soup Kitchen, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of Trenton Area Soup Kitchen, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
STATE OF NEW JERSEY CIRCULAR 15-08-OMB (continued)**

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Lear & Pannepacker, LLP

Princeton, New Jersey

March 22, 2024



Trenton Area Soup Kitchen, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023

<u>Federal / State Grantor</u>	<u>Assistance Listing Number</u>	<u>Contract Period</u>	<u>Contract Award</u>	<u>Federal / State Expenditures</u>
Federal awards				
AmeriCorps passed through The College of New Jersey	94.006	9/1/2021 to 8/31/2022	\$ 26,910	\$ <u>26,910</u>
State awards				
NJ Economic Development Authority Sustain and Serve program	N/A	9/1/2022 to 11/13/2023	720,000	673,884
New Jersey State Council on the Arts passed through Mercer County Cultural and Heritage Commission	N/A	1/1/2022 to 12/31/2022	8,000	2,000
	N/A	1/1/2023 to 12/31/2023	9,500	7,125
NJ Department of Community Affairs passed through The Mercer County Department of Human Services	N/A	4/1/2021 to 12/31/2022	65,000	46,911
	N/A	1/1/2023 to 12/31/2023	65,000	41,779
NJ Department of Labor and Workforce Development passed through Mercer County	N/A	2/1/2022 to 9/30/2022	43,023	35,255
	N/A	10/1/2022 to 6/30/2023	54,450	<u>46,475</u>
Total expenditures of state awards				\$ <u><u>853,429</u></u>

See notes to schedule of expenditures of federal awards

Trenton Area Soup Kitchen, Inc.
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023

Note 1 – Basis of presentation

The accompanying Schedule of Expenditures of Federal and State Awards presents the activities of federal and state grant award programs of Trenton Area Soup Kitchen, Inc. (TASK). The nature of TASK is described in Note 1 of the general financial statements. All federal awards included on the schedule of expenditures of federal and state awards are passed through from state and local governmental agencies.

Note 2 – Basis of accounting

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the accrual basis of accounting. This basis of accounting is described in Note 1 to TASK's general financial statements.

Note 3 – Indirect costs

TASK has not elected to use the 10% de minimus indirect cost rate for the year ended June 30, 2023.

Note 4 – Subrecipients

There were no awards passed through to subrecipients for the year ended June 30, 2023.

Trenton Area Soup Kitchen, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of auditor's results

Financial statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

State awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) and New Jersey State Circular 15-08-OMB	No

Identification of major programs

NJ Economic Development Authority Sustain and Serve program	Expenditures \$ 673,884
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial statement audit findings

There are no financial statement findings reported

Section III – Major awards program audit findings and questioned costs

There are no findings or questioned costs reported