

**TRENTON AREA SOUP KITCHEN, INC.
(A NON-PROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

AND

INDEPENDENT AUDITOR'S REPORT

TRENTON AREA SOUP KITCHEN, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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To the Board of Directors
Trenton Area Soup Kitchen, Inc.
P.O. Box 872
Trenton, NJ 08605

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statements of financial position of Trenton Area Soup Kitchen, (T.A.S.K) Inc. (a non-profit organization) as of June 30, 2011 and 2010 and the related statements of activities, financial expenses and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trenton Area Soup Kitchen, (T.A.S.K) Inc. as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lawrenceville, New Jersey
August 17, 2011

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and June 30, 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 1,412,974	\$ 1,269,274
Promises to give (current)	6,406	5,367
Accrued interest receivable	3,515	1,139
Employee loan	-	2,000
	<u>1,422,895</u>	<u>1,277,780</u>
Promises to give due after 1 year	8,363	10,268
Investments:		
Certificates of deposit	76,769	76,578
Princeton Area Community Foundation	83,455	71,535
Board designated	1,008,133	501,191
Permanently restricted	52,988	3,150
	<u>1,221,345</u>	<u>652,454</u>
Property and equipment, net	1,643,732	1,690,446
	<u>1,643,732</u>	<u>1,690,446</u>
Total assets	<u>\$ 4,296,335</u>	<u>\$ 3,630,948</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 27,961	\$ 14,706
Accrued expenses	59,694	90,386
	<u>87,655</u>	<u>105,092</u>
Total current liabilities	<u>87,655</u>	<u>105,092</u>
Net assets:		
Unrestricted	3,129,690	3,005,730
Board designated	1,008,133	501,191
Permanently restricted	70,857	18,935
	<u>4,208,680</u>	<u>3,525,856</u>
Total net assets	<u>4,208,680</u>	<u>3,525,856</u>
Total liabilities and net assets	<u>\$ 4,296,335</u>	<u>\$ 3,630,948</u>

The accompanying notes are an integral part of these financial statements.

TRENTON AREA SOUP KITCHEN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2011 and 2010

	2011			2010				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel:								
Salaries	\$ 704,446	\$ 105,712	\$ -	\$ 810,158	\$ 647,196	\$ 109,525	\$ -	\$ 756,721
Caseworker (consultant)	40,252	-	-	40,252	38,533	-	-	38,533
Temporary help	10,988	-	-	10,988	24,738	-	-	24,738
Payroll taxes	73,304	18,327	-	91,631	65,968	14,481	-	80,449
Employees benefits and insurance	261,310	22,722	-	284,032	260,020	22,610	-	282,630
Total personnel	1,090,300	146,761	-	1,237,061	1,036,455	146,616	-	1,183,071
Other expenses:								
Adult education program	24,263	-	-	24,263	19,840	-	-	19,840
Arts and ideas/kids time	11,366	-	-	11,366	5,698	-	-	5,698
Auto expenses	7,725	-	-	7,725	3,469	-	-	3,469
Bank charges/other fees	-	694	-	694	-	2,790	-	2,790
Building/equipment maintenance	37,756	-	-	37,756	58,192	-	-	58,192
Community/volunteer relations	31,734	-	-	31,734	28,411	-	-	28,411
Contingencies	4,519	-	-	4,519	-	-	-	-
Depreciation	70,232	-	-	70,232	65,287	-	-	65,287
Equipment	975	-	-	975	900	-	-	900
Food	703,042	-	-	703,042	653,127	-	-	653,127
Fundraising campaign	-	-	63,598	63,598	-	-	77,912	77,912
Fundraising consultant	-	-	63,094	63,094	-	-	68,477	68,477
Gifts and supplies	17,380	-	-	17,380	36,294	-	-	36,294
Hygiene supplies	72,213	-	-	72,213	57,596	-	-	57,596
Insurance	14,367	917	-	15,284	17,469	1,255	-	18,724
Kitchen supplies	61,166	-	-	61,166	53,847	-	-	53,847
Miscellaneous	-	2,073	-	2,073	-	4,472	-	4,472
Office	-	8,890	-	8,890	-	7,422	-	7,422
Photo ops	126	-	-	126	244	-	-	244
Postage	433	-	507	940	984	-	226	1,210
Professional fees	-	16,855	-	16,855	-	5,400	-	5,400
Quality of Life	4,425	-	-	4,425	1,894	-	-	1,894
Security	58,080	-	-	58,080	59,850	-	-	59,850
Staff training	2,116	-	-	2,116	2,475	-	-	2,475
Telephone	5,482	2,109	843	8,434	4,311	1,848	684	6,843
Utilities/trash collection	76,566	-	-	76,566	80,631	-	-	80,631
Total functional expenses	\$ 2,294,266	\$ 178,299	\$ 128,042	\$ 2,600,607	\$ 2,186,974	\$ 169,803	\$ 147,299	\$ 2,504,076

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	<u>\$ 682,824</u>	<u>\$ 535,496</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	70,232	65,287
Unrealized and realized gain on investments	(432)	(6,136)
Noncash contribution	-	(3,100)
Changes in operating assets and liabilities:		
Unconditional promises to give	866	(15,635)
Accrued interest receivable	(2,176)	-
Accounts payable and accrued expenses	<u>(17,437)</u>	<u>(5,682)</u>
Total adjustments	<u>50,853</u>	<u>34,734</u>
Net cash provided by operating activities	<u>733,677</u>	<u>570,230</u>
Cash flows from investing activities:		
Employee loans	2,000	(2,000)
Purchase of property and equipment	(23,518)	(53,163)
Purchase of investments - Princeton Area Community Foundation	(11,920)	(2,590)
Purchase of investments	(556,348)	(504,492)
Purchase of certificates of deposit	(76,769)	(76,578)
Maturities of certificates of deposit	<u>76,578</u>	<u>75,690</u>
Net cash provided by (used in) investing activities	<u>(589,977)</u>	<u>(563,133)</u>
Increase in cash and cash equivalents	143,700	7,097
Cash and cash equivalents, beginning of year	<u>1,269,274</u>	<u>1,262,177</u>
Cash and cash equivalents, end of year	<u>\$ 1,412,974</u>	<u>\$ 1,269,274</u>
Non cash contributions received:		
Stock	<u>\$ 22,158</u>	<u>\$ 4,718</u>
Food and supplies	<u>\$ 619,148</u>	<u>\$ 618,694</u>
Discount on pledges	<u>\$ 318</u>	<u>\$ 465</u>
Vehicle - mini van	<u>\$ -</u>	<u>\$ 3,100</u>

The accompanying notes are an integral part of these financial statements.

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization

Trenton Area Soup Kitchen, Inc. is an independent, non-profit organization incorporated in 1982 under the laws of the State of New Jersey.

The Trenton Area Soup Kitchen, Inc. is dedicated to respond to the needs of hungry people in the Trenton community by:

- (1) Providing meals to all those who are hungry as a primary mission;
- (2) Providing services to enable them to achieve self-sufficiency; and
- (3) Informing the wider community of the needs of the hungry and advocating for resources to meet those needs.

The support for the organization is contributions from individuals, corporations, foundations and other similar entities. Grants may be received from entities such as FEMA.

2. Summary of Significant Accounting Policies

The financial statements of Trenton Area Soup Kitchen, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Resources are classified for accounting and reporting purposes, based on the existence or absence of donor-imposed restrictions, into three net assets categories – unrestricted, temporarily restricted, and permanently restricted. For the years ended June 30, 2011 and 2010 Trenton Area Soup Kitchen, Inc. had accounting transactions in three of the net asset categories, as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. This includes board designated assets.
- Temporarily restricted net assets – Net assets are subject to donor-imposed restrictions that will be met by the passing of time or by the action of the organization.
- Permanently restricted net assets – Net assets subject to donor-imposed restrictions that will not expire by the passage of time nor be fulfilled or otherwise resolved by the actions of the Trenton Area Soup Kitchen, New Jersey.

Revenue and Support Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants receivable represent amounts committed by donors that have not been received by the Organization. Grants with donor-imposed restrictions that limit their use to long-term purposes are classified as noncurrent assets.

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)2. Summary of Significant Accounting Policies (Continued)Revenue and Support Recognition (Continued)

The Organization accounts for contract and grant revenues, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purposes specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contract are recorded as a liability to the grantor as the Organization does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage which are exchange transactions are accounted for as deferred revenue in the statements of financial position.

Contributed Services

During the years ended June 30, 2011 and 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the facilities, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

It is the Organization's policy to capitalize property and equipment with a cost in excess of \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)2. Summary of Significant Accounting Policies (Continued)Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. This includes money market accounts with brokerage firms.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2011, Trenton Area Soup Kitchen has approximately \$565,000 in one financial institution. These amounts are only insured for \$250,000 by the Federal Deposit Insurance Corporation.

Reclassification

Certain items relating to the year ended June 30, 2010 have been reclassified to conform with the current year's presentation.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

Accounting for Uncertainty in Income Taxes

The Organization adopted the provisions of FASB ASC-740-10 relating to uncertainty in income taxes. The implementation included evaluating the tax positions taken on all income tax returns that remain open to examination by the respective taxing authorities. The Organization does not believe that there are any uncertain tax positions on those returns that meet the requirements of FASB ASC740-10 and therefore should be reflected in the financial statements.

3. Unconditional Promises to Give – Permanently Restricted

The organization received pledges related to their endowment campaign, during the year ended June 30, 2011 and 2010. The amounts are due over a three year period.

	2011	2010
Due in future years	\$ 15,087	\$ 16,100
Less Unamortized discount	(318)	(465)
	<u>\$ 14,769</u>	<u>\$ 15,635</u>
Amounts due:		
Within 1 year	\$ 6,406	\$ 5,367
One to three years	8,363	10,268
After three years	-	-
	<u>\$ 14,769</u>	<u>\$ 15,635</u>

A discount rate of 3% has been applied to the amounts due after 1 year.

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)4. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Interest bearing accounts :		
Operating	\$ 148,791	\$ 266,436
Non-profit account	100,038	4,343
Money market accounts	1,162,886	997,008
Directors Non interest bearing	1,259	1,486
	<u>\$ 1,412,974</u>	<u>\$ 1,269,273</u>

5. Investments

Investments are stated at fair value and are summarized as follows at June 30:

	<u>2011</u> <u>Fair Value</u>	<u>2010</u> <u>Fair Value</u>
PNC Certificates of deposit	\$ 76,769	\$ 76,578
PACF - unrestricted	83,455	71,535
Board Designated Investments:		
Cash	314,564	323,421
Certificates of deposit	146,857	-
Corporate bonds	546,712	177,770
Permanently restricted	52,988	3,150
Total investments	<u>\$1,221,345</u>	<u>\$ 652,454</u>

The following schedule summarizes the investment return and its classification in the statement of activities. Interest income includes earnings on two Merrill Lynch money market accounts which are included in cash and cash equivalents for the years ended June 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Dividend and interest income	\$ 32,991	\$ 24,616
Net realized and unrealized gains	432	6,136
Total investment return	<u>\$ 33,423</u>	<u>\$ 30,752</u>

6. Fair Value Measurements

Investments are required to be categorized based on fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)6. Fair Value Measurements (continued)

A portion of the Organization's investments are held in a pooled fund managed by the Princeton Area Community Foundation (PACF). The funds in PACF are valued using Levels 1 and 3, inputs at 67% and 33%, and 74% and 26% for June 30, 2011 and 2010, respectively. Because certain level 1 and 3 inputs are only calculated each December 31, some of the preceding calculations are partially based on the fair value measurement data that is reflected in the audited financial statements of the Princeton Area Community Foundation at December 31, 2010 and 2009. PACF modified their allocation from last year. These percentages are applied to the values of certain Level 1 and 3 investments held by PACF at June 30, 2011 and 2010.

The investments are categorized as follows:

Fair Value Measurements:

	Total	Quoted Prices in Active Markets Level 1	Observable Measurement Criteria Level 2	Unobservable Measurement Criteria Level 3
<u>June 30, 2011</u>				
PNC Certificates of deposit	\$ 76,769	\$ -	\$ -	\$ 76,769
PACF - unrestricted	83,455	55,915	-	27,540
Board Designated Investments:				
Cash	314,564	314,564	-	-
Certificates of deposit	146,857	-	-	146,857
Corporate bonds	546,712	546,712	-	-
Permanently restricted	52,988	52,988	-	-
	<u>\$ 1,221,345</u>	<u>\$ 970,179</u>	<u>\$ -</u>	<u>\$ 251,166</u>
<u>June 30, 2010</u>				
PNC Certificates of deposit	\$ 76,578	\$ -	\$ -	\$ 76,578
PACF - unrestricted	71,535	52,936	-	18,599
Board Designated Investments:				
Cash	323,421	323,421	-	-
Certificates of deposit	-	-	-	-
Corporate bonds	177,770	177,770	-	-
Permanently restricted	3,150	3,150	-	-
	<u>\$ 652,454</u>	<u>\$ 557,277</u>	<u>\$ -</u>	<u>\$ 95,177</u>

7. Property and Equipment

Property and equipment consist of the following:

	Useful Lives	2011	2010
Building and renovations	40 years	\$ 1,933,040	\$ 1,933,040
Leasehold improvements	5 years	11,807	11,807
Equipment	5 to 12 years	349,798	329,380
Vehicles	5 years	12,875	27,060
		<u>2,307,520</u>	<u>2,301,287</u>
Accumulated depreciation and amortization		<u>(663,788)</u>	<u>(610,841)</u>
		<u>\$ 1,643,732</u>	<u>\$ 1,690,446</u>

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)7. Property and Equipment (continued)

Depreciation for the years ended June 30, 2011 and 2010 was \$70,232 and \$65,287, respectively.

8. Non Cash Contributions of Food and Supplies

The organization receives significant donations of food and supplies during the year in addition to food that is purchased. The donated food and supplies has been recorded as both a contribution and a program expense at a value equal to the estimated cost to purchase. These amounts were as follows:

	<u>2011</u>	<u>2010</u>
Food	\$ 530,000	\$ 525,000
Supplies	<u>89,148</u>	<u>93,694</u>
	<u>\$ 619,148</u>	<u>\$ 618,694</u>

9. Retirement Arrangement for Staff Employees

As of July 1, 2001, Trenton Area Soup Kitchen, Inc. offers staff employees the opportunity for participation in a 401 (k) Profit Sharing Plan. Employees can contribute up to 15% of compensation to a maximum of \$16,500 (an additional \$5,500 may be contributed if age 50 or older for a total of \$22,000 for both years). In addition, the Organization will make an annual employer base contribution of 5% of all eligible employees' annual compensation. Employees' are eligible for employer contribution after completing the 1st year of employment. The expense to the organization under this arrangement was \$39,405 and \$34,595 for the years ended June 30, 2011 and 2010, respectively.

10. Commitments

In November of 1987, the Corporation entered into a lease agreement with the City of Trenton to rent a tract of land at an annual rental of \$1 per year for 40 (forty) years.

11. Restatement

The balance sheet for 2010 has been restated to reflect the capitalization of two vehicles. One vehicle had been donated. This resulted in an increase in contributions at the fair market value of \$3,100. The other vehicle had been purchased. The adjustment resulted in a reclassification from automobile expenses of \$9,775.

12. No Subsequent Events

The Organization's management evaluated the period from June 30, 2010 to August 17, 2011 for items requiring recognition or disclosure in the financial statements. There were no events occurring during the evaluation period that require disclosure, and there were no events that require recognition in the financial statements.