

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

AND

INDEPENDENT AUDITOR'S REPORT

TRENTON AREA SOUP KITCHEN, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Trenton Area Soup Kitchen, (T.A.S.K.) Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position Trenton Area Soup Kitchen, Inc. as of June 30, 2017 and 2016, 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.

Lawrenceville, New Jersey
October 11, 2017

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and June 30, 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 1,819,795	\$ 1,948,668
Accrued interest receivable	27,584	21,919
	<u>1,847,379</u>	<u>1,970,587</u>
Investments:		
Certificates of deposit	77,288	77,214
Princeton Area Community Foundation	115,075	101,816
Board designated	3,301,095	3,007,033
Endowment	616,322	613,364
Endowment-Memorial gift	75,444	-
	<u>4,185,224</u>	<u>3,799,427</u>
Property, building and equipment, net	<u>1,618,597</u>	<u>1,542,601</u>
Total assets	<u>\$ 7,651,200</u>	<u>\$ 7,312,615</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 46,256	\$ 20,324
Accrued expenses	65,623	78,216
	<u>111,879</u>	<u>98,540</u>
Net assets:		
Unrestricted net assets:		
Undesignated	3,617,089	3,588,863
Board designated	3,301,095	3,007,033
	<u>6,918,184</u>	<u>6,595,896</u>
Temporarily restricted net assets	67,048	64,090
Permanently restricted net assets	<u>554,089</u>	<u>554,089</u>
	<u>7,539,321</u>	<u>7,214,075</u>
Total liabilities and net assets	<u>\$ 7,651,200</u>	<u>\$ 7,312,615</u>

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

TRENTON AREA SOUP KITCHEN, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:								
Contributions	\$ 2,990,046	-	\$ -	\$ 2,990,046	\$ 2,596,512	-	\$ -	\$ 2,596,512
Non cash contributions of food and supplies	460,829	-	-	460,829	438,474	-	-	438,474
Government grants	30,000	-	-	30,000	15,000	-	-	15,000
County of Mercer	51,125	-	-	51,125	57,876	-	-	57,876
City of Trenton	-	-	-	-	18,075	-	-	18,075
College of New Jersey	8,891	-	-	8,891	7,098	-	-	7,098
Total revenue and support	3,540,891	-	-	3,540,891	3,133,035	-	-	3,133,035
Expenses:								
Program services	2,827,802	-	-	2,827,802	2,672,088	-	-	2,672,088
Management and general	251,690	-	-	251,690	238,673	-	-	238,673
Fundraising	153,480	-	-	153,480	174,458	-	-	174,458
Total expenses	3,232,972	-	-	3,232,972	3,085,219	-	-	3,085,219
Change in Net Assets before investment return	307,919	-	-	307,919	47,816	-	-	47,816
Other Revenue:								
Investment return	14,369	2,958	-	17,327	178,173	26,579	-	204,752
Change in Net Assets	322,288	2,958	-	325,246	225,989	26,579	-	252,568
Net Assets								
Beginning of Year	6,595,896	64,090	554,089	7,214,075	6,369,907	37,511	554,089	6,961,507
End of Year	\$ 6,918,184	\$ 67,048	\$ 554,089	\$ 7,539,321	\$ 6,595,896	\$ 64,090	\$ 554,089	\$ 7,214,075

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, 2017 and 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel:								
Salaries	\$ 1,044,411	\$ 150,122	\$ -	\$ 1,194,533	\$ 1,008,039	\$ 145,558	\$ -	\$ 1,153,597
Temporary help	2,449	-	-	2,449	3,034	-	-	3,034
Payroll taxes	92,956	13,943	-	106,899	91,443	13,716	-	105,159
Employees benefits and insurance	336,942	50,540	-	387,482	299,855	44,977	-	344,832
Total personnel	1,476,758	214,605	-	1,691,363	1,402,371	204,251	-	1,606,622
Other expenses:								
Adult education program	21,894	-	-	21,894	27,688	-	-	27,688
Advertising-employment	-	-	-	-	3,592	-	-	3,592
Arts and ideas/kids time	29,771	-	-	29,771	21,111	-	-	21,111
Auto expenses	8,241	-	-	8,241	10,776	-	-	10,776
Bank charges/other fees	-	5,857	-	5,857	-	1,454	-	1,454
Building/equipment maintenance	53,122	-	-	53,122	50,427	-	-	50,427
Community/volunteer relations	40,843	-	-	40,843	43,405	-	-	43,405
Contingencies	2,313	-	-	2,313	3,118	-	-	3,118
Day center	66,664	-	-	66,664	41,670	-	-	41,670
Database upgrade	3,550	-	-	3,550	-	-	-	-
Depreciation	95,142	-	-	95,142	90,839	-	-	90,839
Food	623,943	-	-	623,943	578,715	-	-	578,715
Fundraising campaign	-	-	98,500	98,500	-	-	89,216	89,216
Fundraising consultant	-	-	50,290	50,290	-	-	77,638	77,638
Hygiene supplies	44,024	-	-	44,024	43,367	-	-	43,367
Insurance	17,226	2,584	-	19,810	17,096	2,565	-	19,661
Kitchen supplies	66,289	-	-	66,289	61,791	-	-	61,791
Miscellaneous	-	2,879	-	2,879	-	1,539	-	1,539
Office	-	4,319	-	4,319	-	9,580	-	9,580
Photo ops	-	-	-	-	-	52	-	52
Postage	725	149	2,984	3,858	1,470	587	6,171	8,228
Professional fees	-	8,172	-	8,172	-	6,250	-	6,250
Quality of Life	14,698	-	-	14,698	7,024	-	-	7,024
Security	66,000	-	-	66,000	68,000	-	-	68,000
Send hunger packing program	105,652	-	-	105,652	77,486	-	-	77,486
School / other misc. supplies for patrons	11,389	-	-	11,389	47,457	-	-	47,457
Staff training	6,919	-	-	6,919	4,149	-	-	4,149
Telephone	11,554	3,960	1,706	17,220	9,712	3,329	1,433	14,474
Utilities/trash collection	61,085	9,165	-	70,250	60,772	9,118	-	69,890
Total functional expenses	\$ 2,827,802	\$ 251,690	\$ 153,480	\$ 3,232,972	\$ 2,672,088	\$ 238,673	\$ 174,458	\$ 3,085,219

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	<u>\$ 325,246</u>	<u>\$ 252,568</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	95,142	90,839
Unrealized and realized gain (loss) on investments	87,351	(104,926)
Changes in operating assets and liabilities:		
Accrued interest receivable	(5,665)	818
Accounts payable and accrued expenses	<u>13,339</u>	<u>25,847</u>
Total adjustments	<u>190,167</u>	<u>12,578</u>
Net cash provided by operating activities	<u>515,413</u>	<u>265,146</u>
Cash flows from investing activities:		
Employee loans	-	1,200
Purchase of property and equipment	(84,105)	(47,762)
Construction in progress	(88,549)	(26,837)
Disposal of property and equipment-net	1,516	-
Purchase of investments - Princeton Area Community Foundation	(13,259)	634
Purchase of investments	(459,815)	(96,329)
Purchase of certificates of deposit	(77,288)	(77,214)
Maturities of certificates of deposit	<u>77,214</u>	<u>77,143</u>
Net cash provided by (used in) investing activities	<u>(644,286)</u>	<u>(169,165)</u>
Increase (decrease) in cash and cash equivalents	(128,873)	95,981
Cash and cash equivalents, beginning of year	<u>1,948,668</u>	<u>1,852,687</u>
Cash and cash equivalents, end of year	<u>\$ 1,819,795</u>	<u>\$ 1,948,668</u>
Non cash contributions received:		
Stock	<u>\$ 23,215</u>	<u>\$ 30,154</u>
Food and supplies	<u>\$ 460,829</u>	<u>\$ 438,474</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, 2017 and 2016 Trenton Area Soup Kitchen, Inc. had accounting transactions in all 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, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, approximately 3,000 individuals volunteer their time totaling 22,000 hours and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Based on Independent Sector data, the value of the volunteer hours at a rate of \$27.46 is estimated at \$604,000.

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. These amounts are insured for \$250,000 in each institution by Federal Deposit Insurance Corporation. As of June 30, 2017 balances with two banks exceeded the insurance limit by approximately \$93,000 and 150,000. The Board regularly monitors all bank accounts and does not believe there are significant risks associated with the balances exceeding the insured limits.

Reclassification

Certain items relating to the year ended June 30, 2016 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. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

3. Cash and Cash Equivalents

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

	<u>2017</u>	<u>2016</u>
Interest bearing accounts :		
Operating	\$ 227,934	\$ 227,134
Money market account	757,604	1,088,092
Non interest bearing accounts:		
Non-profit checking account	831,981	632,850
Director's account	2,276	592
	<u>\$ 1,819,795</u>	<u>\$ 1,948,668</u>

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)4. Investments

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

	2017 <u>Fair Value</u>	2016 <u>Fair Value</u>
PNC Certificates of deposit	\$ 77,288	\$ 77,214
PACF - unrestricted	115,075	101,816
Board Designated Investments:		
Cash	98,495	285,924
Certificates of deposit	220,808	271,219
Corporate bonds	2,981,792	2,449,890
Permanently Restricted-Endowment:		
Cash	18,111	58,100
Certificates of deposit	100,969	78,675
Corporate bonds	572,686	476,589
Total investments	<u>\$4,185,224</u>	<u>\$ 3,799,427</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2017 and 2016.

	<u>2017</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Dividend and Interest income	\$ 83,776	\$ 20,902	\$ 104,678
Net realized and unrealized loss	<u>(69,407)</u>	<u>(17,944)</u>	<u>(87,351)</u>
Total investment return	<u>\$ 14,369</u>	<u>\$ 2,958</u>	<u>\$ 17,327</u>
	<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Dividend and Interest income	\$ 89,192	\$ 10,634	\$ 99,826
Net realized and unrealized gains	<u>88,981</u>	<u>15,945</u>	<u>104,926</u>
Total investment return	<u>\$ 178,173</u>	<u>\$ 26,579</u>	<u>\$ 204,752</u>

5. Endowment Funds

The Organization's endowment consists of certificates of deposit, money market funds and corporate bonds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

TRENTON AREA SOUP KITCHEN, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)5. Endowment Funds (Continued)

The Organization 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, the Organization classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by state law. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

The Organization 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 assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period.

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.

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 40% and 60% for June 30, 2017 and 47% and 53% for June 30, 2016, respectively. The preceding calculations are based on the fair value measurement data that is reflected in the audited financial statements of the Princeton Area Community Foundation at December 31, 2016 and 2015, because PACF does not publish values at June 30, 2017.

TRENTON AREA SOUP KITCHEN, INC.

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

<u>June 30, 2017</u>	Total	Quoted Prices in Active Markets Level 1	Observable Measurement Criteria Level 2	Unobservable Measurement Criteria Level 3
PNC Certificates of deposit	\$ 77,288	\$ -	\$ 77,288	\$ -
PACF - unrestricted	115,075	46,030	-	69,045
Board Designated Investments:				
Cash	98,495	98,495	-	-
Certificates of deposit	220,808	-	220,808	-
Corporate bonds	2,981,792	2,981,792	-	-
Permanently Restricted-Endowment:				
Cash	18,111	18,111	-	-
Certificates of deposit	100,969	-	100,969	-
Corporate bonds	572,686	572,686	-	-
	<u>\$ 4,185,224</u>	<u>\$ 3,717,114</u>	<u>\$ 399,065</u>	<u>\$ 69,045</u>
<u>June 30, 2016</u>				
PNC Certificates of deposit	\$ 77,214	\$ -	\$ 77,214	\$ -
PACF - unrestricted	101,816	47,854	-	53,962
Board Designated Investments:				
Cash	285,924	285,924	-	-
Certificates of deposit	271,219	-	271,219	-
Corporate bonds	2,449,890	2,449,890	-	-
Permanently Restricted-Endowment:				
Cash	58,100	58,100	-	-
Certificates of deposit	78,675	-	78,675	-
Corporate bonds	476,589	476,589	-	-
	<u>\$ 3,799,427</u>	<u>\$ 3,318,357</u>	<u>\$ 427,108</u>	<u>\$ 53,962</u>

7. Property, Building and Equipment, Net

Property, building and equipment consist of the following:

	Useful Lives	2017	2016
Building and renovations	40 years	\$ 2,019,530	\$ 2,010,479
Construction in progress		115,386	26,837
Computers	5 years	17,566	6,624
Leasehold improvements	5 years	11,807	11,807
Equipment	5 to 12 years	359,874	560,514
Vehicles	5 years	43,743	21,269
		2,567,906	2,637,530
Accumulated depreciation		(949,309)	(1,094,929)
		<u>\$ 1,618,597</u>	<u>\$ 1,542,601</u>

TRENTON AREA SOUP KITCHEN, INC.

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

Depreciation for the years ended June 30, 2017 and 2016 was \$95,142 and \$90,839, respectively.

The Trenton Area Soup Kitchen incurred expenses in the amount of \$88,549 related to the building expansion during the year ended June 30, 2017. Since these are preliminary project costs, no depreciation has been recorded. Depreciation will be recorded in the year the building becomes functional.

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>2017</u>	<u>2016</u>
Food	\$ 405,934	\$ 349,100
Supplies	<u>54,895</u>	<u>89,374</u>
	<u>\$ 460,829</u>	<u>\$ 438,474</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 \$18,000 for both years June 30, 2017 and June 30, 2016 (an additional \$6,000 may be contributed if age 50 or older for a total of \$24,000 for both years June 30, 2017 and June 30, 2016. 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 \$48,873 and \$47,635 for the years ended June 30, 2017 and 2016, 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. The organizations building is on this land.

During the current year, the board approved a building expansion, to date the only costs incurred were architectural, engineering and project management fees. No construction contract had been signed as of June 30, 2017.

11. No Subsequent Events

The Organization's management evaluated the period from June 30, 2017 to October 11, 2017 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.