**********PRELIMINARY****FOR DISCUSSION ONLY**********

THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.

(A Nonprofit Organization)

TABLE OF CONTENTS

For The Years Ended December 31, 2017 And 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement Of Assets And Net Assets – Modified Cash Basis	3
Statement Of Support, Revenue And Expenses – Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis	5
Notes To The Financial Statements	6 - 9

Lewitz, Balosie, Wollack,
Rayner & Giroux, LLC

Certified Public Accountants

36 Elm Street • P.O. Box 610 • Old Saybrook, CT 06475
860-388-4451 • (f) 860-388-0488

Andrew E. Balosie, Jr., CPA
Joseph J. Wollack, CPA
James A. Rayner, CPA
Dennis M. Giroux, CPA

************PRELIMINARY****FOR DISCUSSION ONLY************

Independent Auditor's Report

To The Board Of Director's
The Shoreline Soup Kitchens And Pantries, Inc.
Essex, CT

Report On The Financial Statements

We have audited the accompanying financial statements of **THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.** (a nonprofit organization), which comprise the statements of assets and net assets – modified cash basis of as of December 31, 2017, and the related statement of support, revenue and expenses – modified cash basis and the statement of functional expenses – modified cash basis for the year 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 the cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

**********PRELIMINARY****FOR DISCUSSION ONLY**********

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of The Shoreline Soup Kitchens and Pantries, Inc. as of December 31, 2017, and its support, revenue and expenses and its functional expenses for the year ended December 31, 2017 in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report On Summarized Comparative Information

We have previously audited The Shoreline Soup Kitchens And Pantries, Inc. 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lewitz, Balosie, Wollack, Rayner & Giroux

2018

THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.

(A Nonprofit Organization)

Statement Of Assets And Net Assets – Modified Cash Basis

For The Year Ended December 31, 2017
With Comparative Totals For The Year Ended December 31, 2016

	2017	2016
ASSETS		
Current Assets		
Cash And Equivalents	$786,205.63	$830,034.40
Inventory	88,687.00	105,111.00
Total Current Assets	874,892.63	935,145.40
Equipment And Vehicles		
Cost	110,597.18	107,056.17
Accumulated Depreciation	79,332.00	68,024.00
Net Book Value	31,265.18	39,032.17
Total Assets	$906,157.81	$974,177.57
NET ASSETS		
Net Assets		
Unrestricted	$906,157.81	$974,177.57
Total Net Assets	$906,157.81	$974,177.57

See Accompanying Notes

THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.

(A Nonprofit Organization)

PRELIMINARYFOR DISCUSSION ONLY***

Statement Of Support, Revenue And Expenses - Modified Cash Basis

For The Year Ended December 31, 2017
With Comparative Totals For The Year Ended December 31, 2016

	2017	2016
Changes In Unrestricted Net Assets		
Unrestricted Support And Revenue:		
Contributions	$860,512.20	$848,652.83
In-Kind Contributions - Food And Other	625,040.67	665,179.59
Interest Income	1,837.71	2,075.55
Gain On Vehicle Disposition	—	5,500.00
Total Unrestricted Support And Revenue	1,487,390.58	1,521,407.97
Expenses		
Program Services	1,356,720.02	1,277,969.65
Management And General	117,333.13	108,191.64
Fundraising	81,357.19	80,614.05
Total Expenses	1,555,410.34	1,466,775.34
Increase (Decrease) In Unrestricted Net Assets	(68,019.76)	54,632.63
Net Assets At Beginning Of Year	974,177.57	919,544.94
Net Assets At End Of Year	$906,157.81	$974,177.57

See Accompanying Notes

THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses – Modified Cash Basis

For The Year Ended December 31, 2017 – With Comparative Totals For The Year Ended December 31, 2016

	December 31, 2017				December 31, 2016
	Program	Management And General	Fundraising	Total	Total
Food And Kitchen Supplies	$1,065,916.54	$ —	$ —	$1,065,916.54	$99[illegible],501.07
Salaries	208,043.02	94,140.59	54,228.75	356,412.36	33[illegible],029.91
Payroll Taxes	18,888.39	8,019.15	4,339.85	31,247.39	2[illegible],516.73
Accounting & Bookkeeping Fees		7,950.00		7,950.00	1[illegible],486.93
Telephone/Internet	2,408.80			2,408.80	[illegible],094.22
Postage & Shipping	4,427.41	333.00		4,760.41	4,290.91
Printing & Publications	2,175.38			2,175.38	[illegible],427.24
Vehicle Expense	10,531.30			10,531.30	1[illegible],560.43
Insurance	22,337.00	1,287.00		23,624.00	2[illegible],462.00
Repairs & Maintenance	2,895.94			2,895.94	[illegible],604.86
Memberships	500.00			500.00	[illegible],400.00
Technology	1,845.60			1,845.60	[illegible],896.90
Annual Appeal			22,788.59	22,788.59	2[illegible],068.25
Office	1,574.06	5,603.39		7,177.45	[illegible],870.76
Training/Development	2,685.58			2,685.58	[illegible],158.13
Depreciation	12,491.00			12,491.00	1[illegible],407.00
	$1,356,720.02	$117,333.13	$81,357.19	$1,555,410.34	
December 31, 2016 Total	$1,277,969.65	$108,191.64	$80,314.05		$1,46[illegible],775.34

See Accompanying Notes.

THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

************PRELIMINARY****FOR DISCUSSION ONLY************

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

1) Summary Of Significant Accounting Policies

Nature Of Operations – **The Shoreline Soup Kitchens And Pantries, Inc.** (the Organization) is a non-stock corporation, formed under and recognized by Connecticut law. Originally founded in 1989 at the First Baptist Church in Essex, Connecticut, the Organization operated as an independent religious society from 1994 until 2015. On December 31, 2015, pursuant to the asset contribution agreement described in Note 6, the Organization contributed its assets to The Shoreline Soup Kitchens & Pantries, Inc., a Connecticut non-stock corporation exempt under 501(c)(3) of the Internal Revenue Code which was formed in 2013. The Organization continues the original mission of feeding the hungry in body and spirit.

The Organization distributed over 1,134,143 meals to individuals and families during 2017. This included 1,094,589 meals from grocery distribution sites; 17,413 heat-n-eat meals; and 22,141 meals served at area soup kitchens.

The Shoreline Soup Kitchens And Pantries, Inc. offer food and fellowship to the communities of Chester, Clinton, Deep River, East Lyme, Essex, Killingworth, Lyme, Madison, Old Lyme, Old Saybrook and Westbrook.

The family-oriented meal sites serving hot, nutritious and delicious food are located in Centerbrook, Chester, Clinton, Deep River, Essex, Old Saybrook, Old Lyme and Westbrook. The grocery distribution sites, where participants receive enough food for three meals for three days, are located in Clinton, East Lyme, Old Lyme, Old Saybrook, and Westbrook. Also provided to those who have limited cooking facilities are frozen heat-n-eat meals that can be picked up at any of the pantries.

The Organization accomplishes its goals with the help of over 950 volunteers, who provided over 42,000 volunteer hours in 2017. Those in need are provided with food and fellowship, responding to all with humanity and respect.

The Organization is supported primarily by the contribution of money, food and services from individuals and businesses located in New London, Middlesex and New Haven counties. The Organization also participates in a subsidized food purchase program.

The Internal Revenue Service has determined that The Shoreline Soup Kitchens And Pantries, Inc. is exempt from Federal Income tax on its exempt function income under Section 501 (c) (3) of the Internal Revenue Code and is a charitable organization that is not a private foundation as described in Section 509 (a) of the code.

1) Summary Of Significant Accounting Policies (Continued)

Basis Of Accounting – The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized income earned but not yet received, accounts payable to vendors, future commitments, and their related effects on the change in net assets in the accompanying financial statements. Modifications to the cash basis of accounting include recording donated food as income and depreciation as an expense.

Basis Of Presentation –The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of support, revenue and expenses and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain expenses not identifiable with a particular functional area have been allocated based upon the estimated utilization of the particular cost center.

Contributions – Donated assets are recorded when they are used as an integral part of the Organization's operation, their value can be clearly measured on an objective basis, and the value is significant in amount. Donated assets consist primarily of food. The Organization uses the Connecticut Food Bank average per pound wholesale value to determine the value of donated food. This value was $1.71 for 2017 and $1.70 for 2016.

Donated Services – No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received approximately 42,000 volunteer hours in 2017 and 40,000 volunteer hours in 2016. During 2017, the Organization received donated legal services estimated at $3,000 to review their investment and service animal policies.

Facilities – The Shoreline Soup Kitchens and Pantries, Inc. is allowed to use a number of different facilities for its meal sites and food pantries at no charge. The value of this use has not been determined.

1) Summary Of Significant Accounting Policies (Continued)

Inventory – Inventory consists of food and is valued based on its weight using the Connecticut Food Bank average per pound wholesale value.

Equipment And Vehicles – Equipment and vehicles are stated at cost less accumulated depreciation. Major expenditures for equipment and vehicles and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. Assets retired, or otherwise disposed of and related amounts of accumulated depreciation are eliminated from the asset accounts. Any gains or losses from disposals are included in income.

Depreciation – Depreciation is computed over the estimated useful lives of the respective assets, currently seven and five years, using the straight-line method.

Restricted And Unrestricted Support And Revenue – 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use Of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

2) Comparative Financial Information

The financial information shown for 2016 in the accompanying statement of functional expenses is included to provide a basis for comparison with 2017 and presents summarized totals only.

THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

************PRELIMINARY****FOR DISCUSSION ONLY************

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

3) Equipment And Vehicles

Equipment and vehicles consist of the following at December 31, 2017 and 2016:

	2017	2016
Vehicles	$36,224.00	$ 36,224.00
Equipment	74,373.18	70,832.00
	$110,597.18	$107,056.00

Depreciation expense for 2017 and 2016 was $12,491.00 and $12,407.00, respectively.

4) Uncertain Tax Positions

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized tax benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax positions will not be challenged by the taxing authorities.

5) Other Matters

On November 13, 2012, the Board of Directors of The Shoreline Soup Kitchens passed a resolution to convert that Organization from a voluntary association/religious society to a Connecticut non-stock corporation exempt under 501(c)(3) of the Internal Revenue Code, to be called The Shoreline Soup Kitchens & Pantries, Inc. (SSKP). The Shoreline Soup Kitchens transferred all of its assets to SSKP during 2016.

6) Subsequent Events

Management has evaluated subsequent events through June , 2018, the date which the financial statements were available to be issued.