THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.

(A Nonprofit Organization)

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

Lewitz, Balosie, Wollack,
Rayner & Giroux, LLC
Certified Public Accountants
Old Saybrook, Connecticut 06475

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With Comparative Totals For The Year Ended December 31, 2017

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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, 2018, 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 audit. We conducted our audit 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

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, 2018, and its support, revenue and expenses and its functional expenses for the year then ended 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. 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Levitz, Baloric, Wallach, Ryan & Giroux

July 9, 2019

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, 2018
With Comparative Totals For The Year Ended December 31, 2017

	2018	2017
ASSETS		
Current Assets		
Cash And Equivalents	$ 472,265.72	$ 786,205.63
Investments	292,060.93	-
Inventory	62,674.00	88,687.00
Total Current Assets	827,000.65	874,892.63
Equipment And Vehicles		
Cost	110,660.24	110,597.18
Accumulated Depreciation	90,684.00	79,332.00
Net Book Value	19,976.24	31,265.18
Total Assets	$ 846,976.89	$ 906,157.81
NET ASSETS		
Net Assets		
Net Assets Without Donor Restrictions	$ 846,976.89	$ 906,157.81
Total Net Assets	$ 846,976.89	$ 906,157.81

THE SHORELINE SOUP KITCHENS AND PANTRIES, INC.
(A Nonprofit Organization)

Statement Of Support, Revenue And Expenses – Modified Cash Basis

For The Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	2018	2017
Changes In Unrestricted Net Assets		
Unrestricted Support And Revenue:		
Contributions	$ 810,047.13	$ 860,512.20
In-Kind Contributions - Food And Other	599,222.88	625,040.67
Net Investment Income	4,578.43	1,837.71
Total Unrestricted Support And Revenue	1,413,848.44	1,487,390.58
Expenses		
Program Services	1,270,115.66	1,356,720.02
Management And General	118,223.58	117,333.13
Fundraising	84,690.12	81,357.19
Total Expenses	1,473,029.36	1,555,410.34
Increase (Decrease) In Unrestricted Net Assets	(59,180.92)	(68,019.76)
Net Assets At Beginning Of Year	906,157.81	974,177.57
Net Assets At End Of Year	$ 846,976.89	$ 906,157.81

THE SHORELINE SOUP KITCHENS
AND PANTRIES, INC.
(A Nonprofit Organization)

Statement Of Functional Expenses – Modified Cash Basis

For The Year Ended December 31, 2018 – With Comparative Totals For The Year Ended December 31, 2017

	December 31, 2018				December 31, 2017
	Program	Management And General	Fundraising	Total	Total
Food And Kitchen Supplies	$ 963,297.27	$ -	$ -	$ 963,297.27	$ 1,065,916.54
Salaries	222,173.79	95,548.08	51,713.05	369,434.92	356,412.36
Payroll Taxes	20,026.17	7,950.73	4,212.55	32,189.45	31,247.39
Accounting & Bookkeeping Fees	-	8,000.00	-	8,000.00	7,950.00
Telephone/Internet	2,761.73	-	-	2,761.73	2,408.80
Postage & Shipping	1,917.00	337.00	-	2,254.00	4,760.41
Printing & Publications	95.00	-	-	95.00	2,175.38
Vehicle Expense	12,109.55	-	-	12,109.55	10,531.30
Insurance	24,763.00	1,360.00		26,123.00	23,624.00
Repairs & Maintenance	4,037.09	-	-	4,037.09	2,895.94
Memberships	848.00	-	-	848.00	500.00
Technology	2,537.58			2,537.58	1,845.60
Annual Appeal	-	-	28,764.52	28,764.52	22,788.59
Office	1,760.36	5,027.77		6,788.13	7,177.45
Training/Development	1,108.12	-	-	1,108.12	2,685.58
Depreciation	12,681.00	-	-	12,681.00	12,491.00
	$ 1,270,115.66	$ 118,223.58	$ 84,690.12	$ 1,473,029.36	
December 31, 2017 Total	$ 1,356,720.02	$ 117,333.13	$ 81,357.19		$ 1,555,410.34

See Accompanying Notes

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 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 1,029,504 meals to individuals and families during 2018. This included 996,408 meals from grocery distribution sites; 10,654 heat-n-eat meals; and 22,442 meals served at area soup kitchens.

The Shoreline Soup Kitchens And Pantries, Inc. offer food and fellowship to the residents 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 the Old Lyme and Old Saybrook pantries.

The Organization accomplishes its goals with the help of over 920 volunteers, who provided over 41,000 volunteer hours in 2018. 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis of accounting is a consistent alternative used by many organizations similar in size and scope to the Shoreline Soup Kitchens and Pantries, Inc. 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 two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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 2018 and 2017.

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 41,000 volunteer hours in 2018 and 42,000 volunteer hours in 2017.

1) Summary Of Significant Accounting Policies (Continued)

Investments – Investments are stated at cost on the statement of assets and net assets. For purposes of financial statement disclosure, the Organization measures its financial instruments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant value drivers are observable

The fair value of the Organization's investments is based on quoted net asset values of the shares in active markets, and thus is considered in Level 1 of the fair value tiers.

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.

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.

1) Summary Of Significant Accounting Policies (Continued)

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 nets assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), assets with donor restrictions are reclassified to net assets without donor restrictions 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 2017 in the accompanying statement of functional expenses is included to provide a basis for comparison with 2018 and presents summarized totals only.

3) Investments

Investments consist of exchange traded funds and fixed income securities. Their fair value and cost at December 31, 2018 are as follows:

	2018
Fair Value	$ 279,044.70
Cost	292,060.93
Excess (Deficiency) Of Fair Value Over Cost	$ (13,016.23)

Unrealized gain or loss on investments is as follows:

	2018
Cost	$ 292,060.93
Unrealized Gains	625.24
Unrealized Losses	(13,641.47)
Fair Value	$ 279,044.70

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of one exchange traded fund represents 45 percent of the fair value of the total portfolio. The portfolio also includes a United States Treasury Bill whose fair value is 25 percent of the total.

4) Equipment And Vehicles

Equipment and vehicles consist of the following at December 31, 2018 and 2017:

	2018	2017
Vehicles	$ 36,224.00	$ 36,224.00
Equipment	74,436.24	74,373.18
	$ 110,660.24	$ 110,597.18

Depreciation expense for 2018 and 2017 was $12,681.00 and $12,491.00, respectively.

5) Liquidity And Availability

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2018
Cash And Cash Equivalents	$ 472,265.72
Investments	279,044.70
	$ 751,310.42

Operating expenses are anticipated to be met by receipt of cash and in-kind contributions, which is projected to be similar with the previous two years.

6) 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.

7) Subsequent Events

Management has evaluated subsequent events through July 9, 2019, the date which the financial statements were available to be issued.