THE SHORELINE SOUP KITCHENS & PANTRIES, INC.

(A Nonprofit Organization)

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

For The Years Ended December 31, 2022 And 2021

WollackLewitz LLC
Certified Public Accountants & Advisors
Old Saybrook | Madison
Connecticut

THE SHORELINE SOUP KITCHENS & PANTRIES, INC.

(A Nonprofit Organization)

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WollackLewitz LLC
Certified Public Accountants & Advisors

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Dennis M. Giroux, CPA
Brendan E. Redfield, CPA
Mark D. Matlosz, CPA

Independent Auditor's Report

To The Board Of Directors
The Shoreline Soup Kitchens & Pantries, Inc.
Essex, CT

Opinion

We have audited the accompanying financial statements of **THE SHORELINE SOUP KITCHENS & PANTRIES, INC.** (a nonprofit organization), which comprise the statements of assets and net assets – modified cash basis of as of December 31, 2022, and 2021, and the related statements of support, revenue and expenses – modified cash basis, and the statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Shoreline Soup Kitchens & Pantries, Inc. as of December 31, 2022 and 2021, and the changes in its net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 The Shoreline Soup Kitchens & Pantries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

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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 The Shoreline Soup Kitchens & Pantries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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, 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 the 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 The Shoreline Soup Kitchen & Pantries, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Shoreline Soup Kitchen & Pantries, 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.

WallackLemitz

Certified Public Accountants
Old Saybrook, Connecticut

September 12, 2023

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

Statements Of Assets And Net Assets – Modified Cash Basis

For The Years Ended December 31, 2022 And 2021

	2022	2021
ASSETS		
Current Assets		
Cash And Equivalents	$ 1,007,107	$ 1,317,883
Investments At Cost	1,881,644	1,221,353
Inventory	122,183	110,223
Total Current Assets	3,010,934	2,649,459
Equipment And Vehicles		
Cost	111,594	108,594
Accumulated Depreciation	89,347	78,414
Net Book Value	22,247	30,180
Total Assets	$ 3,033,181	$ 2,679,639
NET ASSETS		
With Donor Restrictions	$ 70,000	$ 20,000
Without Donor Restrictions	2,963,181	2,659,638
Total Net Assets	$ 3,033,181	$ 2,679,638

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

Statements Of Support, Revenue And Expenses – Modified Cash Basis

For The Years Ended December 31, 2022 And 2021

	2022	2021
Changes In Unrestricted Net Assets		
Unrestricted Support And Revenue:		
Contributions	$ 1,329,443	$ 1,672,176
In-Kind Contributions - Food And Other	1,069,331	969,407
Net Investment Income	17,606	10,614
Gain On Disposition Of Assets	-	1,295
Total Unrestricted Support And Revenue	2,416,380	2,653,492
Expenses		
Program Services	1,897,786	1,643,274
Management And General	153,339	147,920
Fundraising	81,712	76,614
Total Expenses	2,132,837	1,867,808
Increase (Decrease) In Net Assets Without Donor Restrictions	283,543	785,684
Restricted Support And Revenue:		
Contributions	70,000	20,000
Increase (Decrease) In Net Assets With Donor Restrictions	70,000	20,000
Total Increase (Decrease) In Net Assets	353,543	805,684
Net Assets At Beginning Of Year	2,679,638	1,873,954
Net Assets At End Of Year	$ 3,033,181	$ 2,679,638

See Accompanying Notes

THE SHORELINE SOUP KITCHENS & PANTRIES, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses – Modified Cash Basis

For The Year Ended December 31, 2021

	Program	Management And General	Fundraising	Total
Food And Kitchen Supplies	$ 1,316,106	$ -	$ -	$ 1,316,106
Salaries	244,713	115,103	44,524	404,340
Payroll Taxes	26,486	10,982	4,031	41,499
Accounting & Bookkeeping Fees	-	9,500	-	9,500
Telephone/Internet	2,848	-	-	2,848
Postage & Shipping	3,444	407	-	3,851
Printing & Publications	1,107	870	-	1,977
Vehicle Expense	7,357	-	-	7,357
Insurance	19,124	-	-	19,124
Repairs & Maintenance	3,555	-	-	3,555
Memberships	120	-	-	120
Technology	4,250	-	-	4,250
Annual Appeal	-	-	28,059	28,059
Office	1,643	11,058	-	12,701
Training/Development	301	-	-	301
Depreciation	12,220	-	-	12,220
	$ 1,643,274	$ 147,920	$ 76,614	$ 1,867,808

See Accompanying Notes

THE SHORELINE SOUP KITCHENS & PANTRIES, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses – Modified Cash Basis

For The Year Ended December 31, 2022

	Program	Management And General	Fundraising	Total
Food And Kitchen Supplies	$ 1,554,131	$ -	$ -	$ 1,554,131
Salaries	251,559	120,839	45,400	417,798
Payroll Taxes	23,598	11,625	4,660	39,883
Accounting & Bookkeeping Fees	-	12,900	-	12,900
Telephone/Internet	2,856	-	-	2,856
Postage & Shipping	3,211	202	-	3,413
Printing & Publications	2,037	40	-	2,077
Vehicle Expense	17,208	-	-	17,208
Insurance	21,171	-	-	21,171
Repairs & Maintenance	4,020	-	-	4,020
Memberships	180	-	-	180
Technology	3,934	-	-	3,934
Annual Appeal	-	-	31,652	31,652
Office	2,578	7,733	-	10,311
Training/Development	370	-	-	370
Depreciation	10,933	-	-	10,933
	$ 1,897,786	$ 153,339	$ 81,712	$ 2,132,837

THE SHORELINE SOUP KITCHENS & PANTRIES, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) Summary Of Significant Accounting Policies

Nature Of Operations – **The Shoreline Soup Kitchens & 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 1,283,721 meals to individuals and families during 2022. This included 1,261,386 meals from grocery distribution sites and 22,335 meals served at area soup kitchens.

The Shoreline Soup Kitchens & 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, and Westbrook. The grocery distribution sites, where participants receive enough food for three meals for three days, are in Clinton, East Lyme, Old Lyme, Old Saybrook, and Westbrook.

The Organization accomplishes its goals with the help of over 518 volunteers, who provided over 35,673 volunteer hours in 2022. 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 & 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.

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 & Pantries, Inc. Under this basis,

1) Summary Of Significant Accounting Policies (Continued)

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 financial statements of The Shoreline Soup Kitchens & Pantries, Inc. have been prepared in accordance with U.S. generally accepted accounting principles, which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

- ***Net Assets Without Donor Restrictions*** **-** Net assets for use in general operations and not subject to donor (or certain grantor) restrictions.

- ***Net Assets With Donor Restrictions*** **-** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net Assets with Donor Restrictions at December 31, 2022 are $70,000 with restricted use for the purchase of a refrigerated truck.

Donor-imposed restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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

1) Summary Of Significant Accounting Policies (Continued)

determine the value of donated food based on a study commissioned by Feeding America, a national food bank network. This value was $ 1.92 and $1.79 for 2022 and 2021, respectively.

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 35,673 volunteer hours in 2022 and 43,700 volunteer hours in 2021.

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.

1) **Summary Of Significant Accounting Policies** (Continued)

Facilities – The Shoreline Soup Kitchens & 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 an average per pound wholesale value determined by Feeding America, a national food bank network.

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 net 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) Concentrations Of Credit Risk

Cash and equivalents include both cash on deposit with one financial institution and money funds held in a brokerage account which are considered securities and subject to investment risk. Financial instruments that potentially subject the Organization to credit risk include cash on deposit with one financial institution. At December 31, 2022 the Organization's cash on deposit exceeded federally insured limits by a total of $75,000 between two banks.

3) Investments

Investments consist of exchange traded funds and fixed income securities.

Their fair value and cost at December 31, 2022 are as follows:

	Cost	Fair Value
Exchange Traded Funds	$ 930,549	$ 897,655
Corporate Notes	62,029	55,578
U.S. Treasury Bills	869,066	873,213
U.S. Treasury I Bonds	20,000	21,124
	$ 1,881,644	$ 1,847,573

Investment fair value and cost at December 31, 2021 are as follows:

	Cost	Fair Value
Exchange Traded Funds	$ 548,885	$ 694,713
Corporate Notes	62,615	61,266
U.S. Treasury Bills	599,853	599,974
U.S. Treasury I Bonds	10,000	10,176
	$ 1,221,353	$ 1,366,129

Unrealized gain or loss on investments is as follows:

	2022	2021
Cost	$ 1,881,644	$ 1,221,353
Unrealized Gains		146,830
Unrealized Losses	(34,071)	(1,003)
Fair Value	$ 1,847,573	$ 1,366,129

3) Investments (Continued)

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the exchange traded funds represents 43 percent of the fair value of the total portfolio. The portfolio also includes a United States Treasury Bill whose fair value is 43 percent of the total portfolio.

4) Net Assets With Donor Restrictions

Net assets with donor restrictions consists of the following:

Subject to expenditure for specified purpose:

For use to purchase Refrigerated Truck	$ 90,000

5) Equipment And Vehicles

Equipment and vehicles consist of the following at December 31, 2022 and 2021:

	2022	2021
Vehicles	$ 34,400	$ 34,400
Deposit on Vehicle	3,000	-
Equipment	74,194	74,194
	$ 108,594	$ 108,594

Depreciation expenses for 2022 and 2021 were $10,933 and $12,220, respectively.

6) 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:

	2022
Cash And Cash Equivalent	$ 1,007,107
Investments	1,881,644
	$ 2,881,751

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.

7) 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.

8) Risks and Uncertainties

The COVID-19 virus remains a global pandemic and business continuity, including supply chains and consumer demand across a broad range of industries and countries have been severely impacted as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Additionally, the war between Russia and Ukraine has similarly impacted economic conditions of investment markets, supply chains, inflation, and overall governments around the world. Management is carefully monitoring these situations and evaluating its options during this time. Management expects increased demand by the communities it serves for an extended period and reduced amounts of incoming donations. No adjustments have been made to these financial statements as a result of these uncertainties.

9) Subsequent Events

Management has evaluated subsequent events through September 12, 2023, the date which the financial statements were available to be issued.