ORGANIC SOUP KITCHEN

FINANCIAL STATEMENTS
For The Year Ended December 31, 2019
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FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANTS’ COMPILATION REPORT

To the Board of Directors
Organic Soup Kitchen
Santa Barbara, California

Management is responsible for the accompanying financial statements of Organic Soup Kitchen, (a non-profit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user’s conclusions about the Organization’s financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Walpole & Co., LLP
October 16, 2020
ORGANIC SOUP KITCHEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

Assets

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$104,057</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>104,057</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>95,437</td>
</tr>
<tr>
<td>Vehicles</td>
<td>56,951</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(72,809)</td>
</tr>
<tr>
<td>Total Property and Equipment</td>
<td>79,579</td>
</tr>
<tr>
<td>Other Long Term Assets</td>
<td></td>
</tr>
<tr>
<td>Security Deposits</td>
<td>5,175</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$188,811</td>
</tr>
</tbody>
</table>

Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>Credit card payable</td>
<td>9,194</td>
</tr>
<tr>
<td>Payroll liabilities</td>
<td>9,057</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>2,963</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>21,214</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
</tr>
<tr>
<td>Net Assets without Donor Restrictions</td>
<td>167,597</td>
</tr>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>$188,811</td>
</tr>
</tbody>
</table>

See Accompanying Notes and Independent Accountants' Compilation Report
ORGANIC SOUP KITCHEN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  

Changes in Net Assets without Donor Restrictions:  
Contributions and Other Revenue  
Contributions without Donor Restrictions $ 232,278  
In-kind donations 282,112  
Grants 131,614  
Event income (loss), net of $12,405 event expenses (4,387)  
Other income 12  
Total Contributions and Other Revenue without Donor Restrictions 641,629  

Operating Expenses  
Program expenses 198,622  
Software and web design 138,120  
Salaries and wages 124,400  
Facilities and equipment 47,903  
Professional services 33,192  
Miscellaneous 29,235  
Depreciation 22,814  
Utilities 14,663  
Marketing 12,871  
Payroll taxes 10,252  
Transportation 8,424  
Insurance 8,266  
Auto expense 6,673  
Interest expense 292  
Total Operating Expenses 655,727  

Total Decrease in Net Assets (14,098)  

Net Assets at Beginning of Year 181,695  
Net Assets at End of Year $ 167,597  

See Accompanying Notes and Independent Accountants’ Compilation Report
NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Organic Soup Kitchen (the Organization), a California nonprofit corporation, was founded in 2009 to provide relief to the poor and to operate a soup kitchen to feed wholesome food to the financially challenged people and to carry on other charitable activities associated with these goals as allowed by law.

Basis of Presentation

The Organization is now required to present information on the Statement of Financial Position according to two classes of net assets – net assets with donor restrictions and net assets without donor restrictions, rather than the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted net assets. Also, the Organization is now required to present on the Statement of Activities the change in each of the two classes rather than that of the previously required three classes of net assets.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Revenue With and Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net 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.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization classifies its unrestricted short-term, highly liquid investments having original maturities of three months or less as cash equivalents.

Property, Equipment and Depreciation

Property is recorded at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which is 7 years.

The Organization’s policy is to capitalize assets with a minimum value of $1,000 that have a useful life of greater than one year.

Contributed Goods and Services

A substantial number of people have donated their time to the Organization as volunteers. As this volunteer service does not meet the recognition requirements of generally accepted accounting principles, no amount has been recorded in these financials. The Organization estimates that it was the beneficiary of 1,000 volunteers for the year ended December 31, 2019.

The Organization also benefits from the donation of a significant amount of goods and services, which advance the Organization’s objectives. These donations are recorded as in-kind donations and as various expenses on the statement of activities. For the year ended December 31, 2019, in-kind donations consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software and web design</td>
<td>$138,120</td>
</tr>
<tr>
<td>Food and kitchen materials</td>
<td>135,568</td>
</tr>
<tr>
<td>Transportation</td>
<td>8,424</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$282,112</strong></td>
</tr>
</tbody>
</table>

Income Taxes

Organic Soup Kitchen is qualified as tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, and is not considered a private foundation. As of December 31, 2019, or for any year for which the statute is open, the Organization is not aware of any uncertain tax positions requiring accrual.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. The most significant estimate used in preparing these financial statements is the depreciable lives of property and equipment. It is reasonably possible that this estimate will change within the next year.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 16, 2020, the date the financial statements were available for issuance. The following events occurred subsequent to December 31, 2019:

- In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the Center’s financial performance is not reasonably estimable at this time.