

**MOBILE LOAVES & FISHES, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2000**

MOBILE LOAVES & FISHES, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mobile Loaves & Fishes, Inc.  
Austin, TX

We have audited the accompanying statement of financial position of Mobile Loaves & Fishes, Inc. (a nonprofit organization) as of December 31, 2000, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Loaves & Fishes, Inc. as of December 31, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

**Cooper Graci & Co. P.C.**  
Certified Public Accountants  
Austin, Texas

February 1, 2001

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF FINANCIAL POSITION**

*December 31, 2000*

**ASSETS**

Current assets		
Cash	\$	87,012
Prepaid expenses		<u>4,551</u>
Total current assets		91,563
 Property and equipment, less accumulated depreciation of \$3,543		 <u>86,013</u>
 Total assets	 \$	 <u><u>177,576</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable	\$	7,059
 Net assets		
Unrestricted		<u>170,517</u>
 Total liabilities and net assets	 \$	 <u><u>177,576</u></u>

# MOBILE LOAVES & FISHES, INC.

## STATEMENT OF ACTIVITIES

*For the four months ended December 31, 2000*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support			
Contributions from the public	\$ 56,014	\$ 200	\$ 56,214
St. John Nuemann Catholic Church			
Initial funds contributed	65,000		65,000
Other cash contributions	11,990		11,990
Non-cash contributions	22,175		22,175
Grants	3,000	60,000	63,000
Memorials	15		15
Randall's good neighbor program	83		83
Other non-cash contributions	2,892		2,892
Net assets released from restrictions	60,200	(60,200)	-
Total public support	<u>221,369</u>	<u>-</u>	<u>221,369</u>
Revenue			
Interest & dividends	<u>372</u>		<u>372</u>
Total support and revenue	221,741	-	221,741
Expenses			
Program services	42,881		42,881
Charitable donations	800		800
Fund raising	3,697		3,697
Management and general	3,846		3,846
Total expenses	<u>51,224</u>	<u>-</u>	<u>51,224</u>
Total change in net assets	170,517	-	170,517
Beginning net assets September 1, 2000	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 170,517</u>	<u>\$ -</u>	<u>\$ 170,517</u>

See independent auditors' report and accompanying notes

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*For the four months ended December 31, 2000*

	<b>Program Services</b>	<b>Charitable Donations</b>	<b>Fund Raising</b>	<b>Management &amp; General</b>	<b>Total</b>
Food distributed	\$ 16,575	\$	\$	\$	\$ 16,575
Clothing distributed	16,235				16,235
Personal care items distributed	561				561
Bibles	301				301
Prayer books	69				69
Vehicle expenses	2,791				2,791
Donations		800			800
Insurance	295			206	501
Contribution envelopes			136		136
Contribution boxes			2,253		2,253
Collection bags			1,308		1,308
Newsletter, mailouts, publications	2,733				2,733
Office Expenses				2,670	2,670
Volunteer activities				748	748
Total expenses before depreciation	39,560	800	3,697	3,624	47,681
Depreciation expense	3,321			222	3,543
Total expenses	\$ 42,881	\$ 800	\$ 3,697	\$ 3,846	\$ 51,224
<i>Percentage of total expenses</i>	84%	2%	7%	8%	100%

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF CASH FLOWS**  
*For the four months ended December 31, 2000*

Cash flows from operating activities	
Change in net assets	\$ 170,517
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	3,543
Non-cash contributions received	(25,067)
Expenses related to non-cash contributions received	2,892
Increase in prepaid expenses	(4,551)
Increase in accounts payable	7,059
Total adjustments	<u>(16,124)</u>
Net cash provided by operating activities	<u>154,393</u>
Cash flows from investing activities	
Purchase of computer equipment	(2,565)
Purchase of clothing truck	(55,294)
Cost of website design	<u>(9,522)</u>
Net use of cash by investing activities	<u>(67,381)</u>
Net increase in cash	87,012
Cash at beginning of year	<u>-</u>
Cash at end of year	<u><u>\$ 87,012</u></u>
Supplementary disclosures	
Interest received	\$ 464
Non-cash support received	
Catering truck donated	22,175
Discounts on purchases	2,892

MOBILE LOAVES & FISHES, INC.  
NOTES TO FINANCIAL STATEMENTS

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Organization

Mobile Loaves & Fishes, Inc. (MLF) is a social outreach ministry to the homeless and indigent working poor. MLF's mission is "Providing food, clothing and dignity to our brothers and sisters in need". This mission is accomplished primarily through the daily distribution of meals, personal care items, and clothing to people in need throughout the Austin, Texas community. Volunteers drive MLF's two trucks, which have been outfitted as a catering vehicle and a mobile closet, to specified areas around Austin distributing food and other items while promoting the teachings of Jesus Christ.

Program activities of MLF include the distribution of food, clothing and personal care items to the needy, promoting the teachings of Jesus Christ through action within the community and distribution of religious literature, and charitable donations to individuals or organizations with immediate needs.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions of Public Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. As conditions of a donor's restrictions are met, resulting in the release of all restrictions on a contribution or the income derived from the contribution, then net assets released from restriction are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. MLF held no temporarily or permanently restricted net assets at December 31, 2000.

Contributed Services

Generally, when fair value of contributed professional services can be readily determined, a contribution received is recognized with an equal amount for expense incurred. During the year ended December 31, 2000, the value of contributed services meeting requirements for recognition was not considered material. In addition, countless individuals volunteer their time and perform a variety of tasks that are essential to MLF in providing its program services, but these services do not meet the criteria for recognition as contributed services and are therefore not reflected in the financial statements. MLF receives more than 250 volunteer hours each week.

### Contributions of Food, Clothing, and Other Non-cash Items

Contributions of food, clothing, and other non-cash items for use in assistance programs that meet the criteria for recognition are recorded at fair value. However, MLF receives a significant volume of these types of contributions from the general public, which are not recorded in the financial statements because fair value of the contributions cannot be readily determined.

### Cash and Cash Equivalents

MLF considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

### Property and Equipment

Property and equipment items costing in excess of \$500 are capitalized at cost, including costs of significant improvements. Donated fixed assets are recorded at estimated fair value at the date of receipt. Depreciation is calculated on a straight-line basis for all capitalized assets using estimated useful lives of three, five and seven years for the following categories; computer software and website design, vehicles and equipment, and furniture and fixtures, respectively.

### Income Taxes

MLF is a Texas non-profit corporation and is exempt from federal income taxes under Section 501 (c ) (3) of the U.S. Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, under IRC Section 509 (a) (1), MLF is a public charity and, thus, donations to MLF qualify for the maximum allowable charitable deduction. As of the date of this report, MLF is awaiting determination from the Office of the Comptroller of the State of Texas for an exemption from Texas franchise tax and sales and use taxes. Management believes this state tax exempt status will be granted in early 2001.

### Use of 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.

## **NOTE B – CONCENTRATION OF CASH**

MLF deposits cash receipts to a nationally recognized brokerage account. The account allows for the flexibility of holding funds in traditional money market checking and certificate of deposit accounts along with a variety of investment funds or other investments. All amounts on deposit at December 31, 2000 were fully insured under the Federal Deposit Insurance Corporation (FDIC).

## NOTE C – RELATED PARTY TRANSACTIONS

St. John Nuemann Catholic Church (SJN) of Austin, Texas began a ministry program of providing food, clothing, and personal care items to the needy in the Austin community in 1998. This program grew through the generous volunteer efforts of SJN parishioners resulting in the formal organization of MLF in 2000. Contributions received by the church for the ministry program totaling \$65,000, as well as a catering truck purchased by the church, were all donated to MLF to begin its operations September 1, 2000. SJN has also provided additional funds and non-cash contributions of food and clothing since MLF's formal beginning of operation. The church is expected to play a vital role in MLF's continued funding and other support, but there is no formal agreement or terms in place.

MLF currently operates from facilities provided by SJN at no cost. Facilities include office, storage, and food preparation space, and parking for the vehicles. The facilities are shared with the church under an oral agreement with an unspecified term. The fair value of this arrangement is not readily determinable and is therefore not reported in the financial statements.

## NOTE D – PROPERTY AND EQUIPMENT

Depreciation expense recognized for the four-month period ending December 31, 2000 was \$3,543. Property and equipment presented on the balance sheet consists of the following categories:

Vehicles	\$ 77,469
Computer equipment	2,565
Website design	9,522
	<u>89,556</u>
Less accumulated depreciation	(3,543)
Total	<u>\$ 86,013</u>

## NOTE D – TEMPORARILY RESTRICTED NET ASSETS

MLF received the following temporarily restricted support during the reporting period.

Grant from a foundation	
For purchase of clothing truck	\$ 55,000
For purchase of initial clothing inventory	5,000
Contributions for charitable donations	200
	<u>60,200</u>
Net assets released from restrictions	(60,200)
Change in net assets	<u>\$ -</u>