

**MOBILE LOAVES & FISHES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2002**

MOBILE LOAVES & FISHES, INC.

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Mobile Loaves & Fishes, Inc. (a nonprofit organization) as of December 31, 2002, 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 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 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, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

December 16, 2003

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

*December 31, 2002*

**ASSETS**

Current assets		
Cash	\$	57,318
Prepaid expenses		10,114
Security deposit		<u>50</u>
Total current assets		<u>67,482</u>
 Property and equipment, less accumulated depreciation of \$48,745		 <u>140,473</u>
 Total assets	 \$	 <u><u>207,955</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable	\$	<u>19,416</u>
Total Current Liabilities		19,416
 Net assets		
Unrestricted		163,539
Temporarily restricted		<u>25,000</u>
Total Net Assets		<u>188,539</u>
 Total liabilities and net assets	 \$	 <u><u>207,955</u></u>

# MOBILE LOAVES & FISHES, INC.

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support			
Contributions from the public	\$ 195,497	123,335	318,832
St. John Nuemann Catholic Church	9,844		9,844
St. Thomas More Catholic Church	6,453		6,453
Fundraising events	51,638		51,638
Randall's good neighbor program	431		431
Other non-cash contributions	15,006		15,006
Net assets released from restrictions	99,405	(99,405)	-
Total public support	<u>378,274</u>	<u>23,930</u>	<u>402,204</u>
Revenue			
Interest & dividends	142		142
Loss on sale of equipment	(11,951)		(11,951)
Miscellaneous income	1,365		1,365.00
Total support and revenue	<u>367,830</u>	<u>23,930</u>	<u>391,760</u>
Expenses			
Program services	268,445		268,445
Charitable donations	85		85
Fund raising	20,933		20,933
Management and general	58,229		58,229
Total expenses	<u>347,692</u>	<u>-</u>	<u>347,692</u>
Total change in net assets	20,138	23,930	44,068
Net assets, beginning of year	<u>143,401</u>	<u>1,070</u>	<u>144,471</u>
Net assets, end of year	<u>\$ 163,539</u>	<u>25,000</u>	<u>188,539</u>

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*For the year ended December 31, 2002*

	<b>Program Services</b>				
	<b>Food &amp; Clothing Distribution</b>	<b>Charitable Donations</b>	<b>Fund Raising</b>	<b>Management &amp; General</b>	<b>Total</b>
Food distributed	\$ 100,509	\$	\$	\$	\$ 100,509
Clothing distributed	8,315				8,315
Personal care items distributed	1,719				1,719
Bus passes distributed	103				103
Donations		85			85
Advertising & marketing			1,855		1,855
Contract labor	6,748			819	7,567
Credit card and bank fees				2,293	2,293
Fundraising Expenses			14,713		14,713
Insurance	5,284			5,565	10,849
Miscellaneous	2,384				2,384
Newsletter, mail outs, publications	10,543				10,543
Office Expenses				9,046	9,046
Payroll expenses	71,593		4,365	13,095	89,053
Professional fees - accounting & legal				16,531	16,531
Relocation expenses				5,000	5,000
Rent	950				950
Repairs & maintenance	4,292				4,292
Supplies	6,696				6,696
Survival Packs	936				936
Telephone	1,560			2,196	3,756
Vehicle expenses	7,461				7,461
Volunteer & board activities				3,684	3,684
Website hosting	4,087				4,087
<b>Total expenses before depreciation</b>	<b>233,180</b>	<b>85</b>	<b>20,933</b>	<b>58,229</b>	<b>312,427</b>
Depreciation expense	35,265				35,265
<b>Total expenses</b>	<b>\$ 268,445</b>	<b>\$ 85</b>	<b>\$ 20,933</b>	<b>\$ 58,229</b>	<b>\$ 347,692</b>
 <i>Percentage of total expenses</i>	<u>77%</u>	<u>0%</u>	6%	17%	100.0%
<i>Total program servicers</i>		77%			

# MOBILE LOAVES & FISHES, INC.

## STATEMENT OF CASH FLOWS

*For the year ended December 31, 2002*

Cash flows from operating activities	
Change in net assets	\$ 44,068
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	35,265
Loss on sale of vehicle	11,952
Non-cash contributions received	(15,006)
Expenses related to non-cash contributions received	10,506
Decrease in pledges receivable	2,000
Decrease in other receivables	1,069
Increase in prepaid expenses	(2,972)
Increase in accounts payable	10,547
Decrease in payroll taxes payable	(1,484)
Decrease in other current liabilities	(550)
Total adjustments	<u>51,327</u>
Net cash provided by operating activities	<u>95,395</u>
Cash flows from investing activities	
Procees from sale of workvan	25,000
Purchase of catering trucks	(67,433)
Purchase of equipment	(13,065)
Capitalized website design costs	(14,403)
Net use of cash by investing activities	<u>(69,901)</u>
Net increase in cash	25,494
Cash at beginning of year	<u>31,824</u>
Cash at end of year	<u>\$ 57,318</u>
Supplementary disclosures	
Interest received	\$ 139
Non-cash support received	
Autos donated for use in operations	4,500
Discount on accounting fees	10,506

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 four trucks, all of which have been outfitted as catering vehicles, to specified areas around Austin distributing food, clothing and personal care items.

Basis of Accounting

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

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.

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. 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 hundreds of volunteer hours each week and by the end of 2002 had approximately 2,500 volunteers who contributed their time each month.

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 non-profit corporation as described in Section 501 (c ) (3) of the U.S. Internal Revenue Code and is exempt from federal and state income taxes. 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.

### Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, the costs have been allocated among the programs and activities benefited.

### 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 and nationally recognized banks. Only certain accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$100,000. At December 31, 2002, all funds MLF had on deposit were fully insured.

## **NOTE C – PLEDGES RECEIVABLE**

The majority of support received is from periodic donations from the public with no specified promises to give. Accordingly, revenue is generally recognized only when funds are actually received.

## NOTE D – 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 as non-profit corporation under the laws of the State of Texas. 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 originally operated from shared space within SJN's facilities at no cost. MLF moved to a new separate facility in 2001, but SJN still owns the property. Facilities include office, storage, food preparation space, and parking for the vehicles. The facilities are provided under an oral agreement with SJN with no rent requirement, and with an unspecified term. The fair value of this arrangement is not readily determinable and is therefore not reported in the financial statements. Although MLF is the largest user of the building, other social outreach ministries of SJN use the facility.

St. Thomas More Catholic Church (STM) and St. Louis Catholic Church (STL) of Austin, Texas have also become involved in the ministry program of MLF. The parishioners of both churches raised the funds necessary to outfit and operate the additional catering trucks. The funding for the purchase of the two trucks was donated by foundations supporting the cause of MLF. These trucks run daily per the operating routine of MLF and are supported by a large volunteer base of STM and STL parishioners. These churches are also expected to continue to play a significant role in the continued funding and support of MLF.

## NOTE E – PROPERTY AND EQUIPMENT

Depreciation expense recognized for the year ending December 31, 2002 was \$35,265. Property and equipment presented on the balance sheet consists of the following categories:

Vehicles	\$ 130,993
Computer equipment	8,982
Kitchen and other equipment	25,406
Website design	<u>23,837</u>
	189,218
Less accumulated depreciation	<u>(48,745)</u>
Total	<u>\$ 140,473</u>

## NOTE F – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>Donations Received</u>	<u>Disbursed for Restricted Purpose</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Temporarily Restricted Donations				
Funds to purchase socks	\$ 3,398	\$ (3,398)	\$	-
Funds to assist in relocation and wages of Development Director	7,000	(7,000)		-
Funds to purchase Survival Packs	912	(912)		-
Holiday meals	5,450	(3,962)	(1,488)	-
Coats for Kids event	850	(850)		-
Funds to purchase a power washer	725	(725)		-
Funds to purchase and operate St. Louis catering truck	40,000	(40,000)		-
Funds to purchase and operate St. Thomas More catering truck	40,000	(40,000)		-
Funds to purchase additional catering truck	25,000			25,000
	<u>\$ 123,335</u>	<u>\$ (96,847)</u>	<u>\$ (1,488)</u>	<u>\$ 25,000</u>

## NOTE G – OPERATING LEASES

MLF entered into a one-year non-cancelable operating lease agreement for a storage unit in February 2002. The lease for the space has been renewed on a month-to-month basis at \$95 per month beginning March 1, 2003. In December of 2003, MLF prepaid January and February 2003 rent, which have been reclassified and included appropriately on the balance sheet.

## NOTE H – SUBSEQUENT EVENTS

In September 2003 MLF executed a Letter of Agreement with St. Mark the Evangelist church in San Antonio to place a truck in that community. Funds to purchase the truck were provided by the DLM Foundation. The truck will begin formal operations in January 2004 serving the San Antonio area.