

**MOBILE LOAVES & FISHES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2003**

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, 2003, 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, 2003, 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

November 10, 2004

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
*December 31, 2003*

**ASSETS**

Current assets	
Cash	\$ 112,032
Security deposit	50
Receivables	3,174
Total current assets	115,256
Property and equipment, less accumulated depreciation of \$ 89,641	130,215
Total assets	\$ 245,471

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable	\$ 19,175
Total Current Liabilities	19,175
Net assets	
Unrestricted	226,296
Total Net Assets	226,296
Total liabilities and net assets	\$ 245,471

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF ACTIVITIES**  
*For the year ended December 31, 2003*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support			
Contributions from the public- restricted	\$	62,291	62,291
Unrestricted contributions	305,845		305,845
St. John Nuemann Catholic Church	9,005		9,005
St. Thomas More Catholic Church	8,139		8,139
Fundraising events	149,534		149,534
Randall's good neighbor program	333		333
Other non-cash contributions	4,821		4,821
Total public support	<u>477,677</u>	<u>62,291</u>	<u>539,968</u>
Expenses			
Program services	389,521		389,521
Charitable donations	600		600
Fund raising	77,796		77,796
Management and general	34,493		34,493
Total expenses	<u>502,410</u>	<u>-</u>	<u>502,410</u>
Total change in net assets	(24,733)	62,291	37,558
Net assets, beginning of year	<u>163,738</u>	<u>25,000</u>	<u>188,738</u>
Net assets, end of year	<u>\$ 139,005</u>	<u>87,291</u>	<u>226,296</u>

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*For the year ended December 31, 2003*

	<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	\$ 162,618	\$	\$	\$	\$ 162,618
Clothing distributed	12,667				12,667
Personal care items distributed	538				538
Bus passes distributed	375				375
Donations	-	600			600
Advertising & marketing	2,225				2,225
Contract labor	1,588			3,000	4,588
Credit card and bank fees	1,966				1,966
Fundraising Expenses	-		77,796		77,796
Insurance	3,657				3,657
Miscellaneous	11,163				11,163
Newsletter, mail outs, publications	15,478				15,478
Office Expenses	7,305				7,305
Payroll expenses	66,094				66,094
Professional fees - accounting & legal	1,490			30,003	31,493
Facilities Expenses	11,702				11,702
Rent	1,140				1,140
Travel & Meals	1,926				1,926
Supplies	8,758				8,758
License & Permits	250				250
Telephone	4,470			1,490	5,960
Vehicle expenses	21,816				21,816
Volunteer & board activities	128				128
Website	10,971				10,971
	348,325	600	77,796	34,493	461,214
Total expenses before depreciation					
Depreciation expense	41,196				41,196
Total expenses	\$ 389,521	\$ 600	\$ 77,796	\$ 34,493	\$ 502,410
<b>Percentage of total expenses</b>	78%	0%	15%	7%	100.0%
<i>Total program servicers</i>	78%				

**MOBILE LOAVES & FISHES, INC.**  
**STATEMENT OF CASH FLOWS**  
*For the year ended December 31, 2003*

Cash flows from operating activities

Change in net assets	\$	37,558
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Adjustments to reconcile change in net assets to  
net cash flows from operating activities

Depreciation		41,196
Increase in other receivables		(3,174)
Decrease in prepaid expenses		10,114
Increase in security deposits		-
Decrease in accounts payable		<u>(241)</u>

Total adjustments		<u>47,895</u>
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Net cash provided by operating activities		<u>85,453</u>
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Cash flows from investing activities

Purchase of catering trucks		(29,941)
Purchase of equipment		<u>(798)</u>

Net use of cash by investing activities		<u>(30,739)</u>
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Net increase in cash		54,714
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Cash at beginning of year		<u>57,318</u>
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Cash at end of year	\$	<u><u>112,032</u></u>
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Supplementary disclosures

Non-cash support received		
Discount on accounting fees	\$	10,750

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 2003 had approximately 4,600 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 nationally recognized financial institutions. Only certain accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$100,000. At December 31, 2003, 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 operates in a separate facility owned by SJN. 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), St. Louis Catholic Church (STL) of Austin, Texas and St. Mark the Evangelist (SME) have also become involved in the ministry program of MLF. The parishioners of the churches help raise the funds necessary to outfit and operate additional catering trucks. These trucks run daily per the operating routine of MLF and are supported by a large volunteer base of STM, STL, and SME 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, 2003 was \$41,196. Property and equipment presented on the balance sheet consists of the following categories:

Vehicles	\$ 160,833
Computer equipment	9,780
Kitchen and other equipment	25,406
Website design	23,837
	<u>219,856</u>
Less accumulated depreciation	(89,641)
Total	<u>\$ 130,215</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	\$ 10,531	\$ (10,531)	\$ -	-
Maria Santos Housing Fund	10,040	(10,040)	-	-
STM Cookbook	318	(318)	-	-
Taste of Austin	3,402	(3,402)	-	-
Funds to purchase and operate St. Thomas More catering truck	26,000	(26,000)	-	-
Funds to purchase additional catering truck	37,000	(37,000)	-	-
	<u>\$ 87,291</u>	<u>\$ (87,291)</u>	<u>\$ -</u>	<u>\$ -</u>

## NOTE G – OPERATING LEASES

MLF entered into a one-year non-cancelable operating lease agreement for a storage unit in February 2003. The lease for the space has been renewed on a month-to-month basis at \$95 per month beginning March 1, 2003.

## NOTE H – SUBSEQUENT EVENTS

In 2004 Mobile Loaves & Fishes plans to launch a downtown cluster in Austin to further their ministry and volunteer efforts.