

**FINANCIAL STATEMENT PRESENTATION**

June 30, 2003

**Financial Overview**

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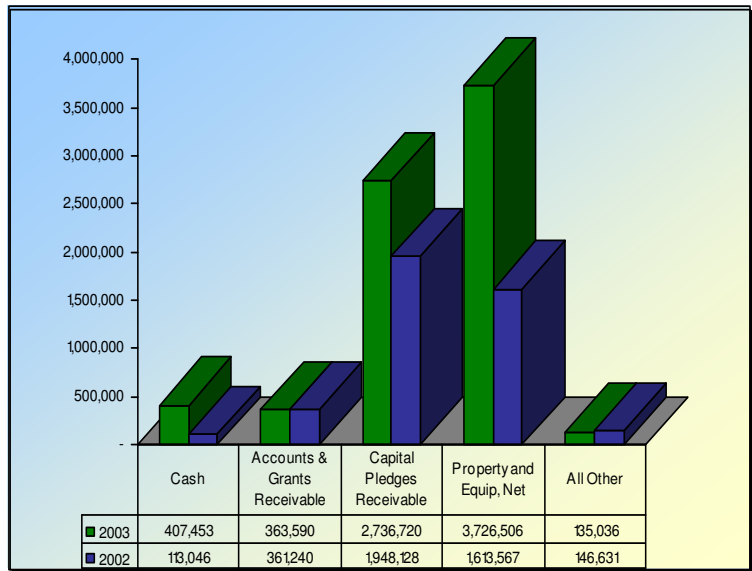
Preble Street Resource Center, and its affiliate Stone Soup Foods, recently completed their financial audit process. We are pleased to report that the Organizations once again received an unqualified "clean" opinion. Simply, this means that Preble Street Resource Center and Stone Soup Foods' financial statements are fairly presented in all material respects. Congratulations on this accomplishment.

The remainder of this publication is dedicated to providing you with the results of the audit. We hope you find this information useful and understandable.

Finally, we wish to express our appreciation to Mark, Amy, and the other members of Preble Street's staff who were so helpful to us during the audit process.

**KEY PERFORMANCE INDICATORS**

**ASSETS**



**INSIDE**

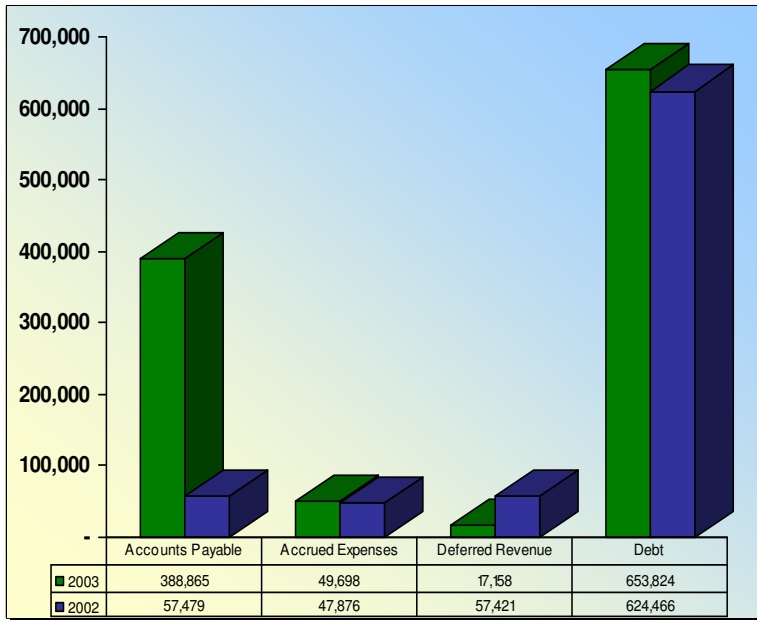
1. Assets
2. Liabilities and Net Assets
3. Support and Revenue
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5. Expenses by Functional Category (1 of 2)
6. Expenses by Functional Category (2 of 2)
7. Ratio analysis
8. Closing Remarks

**SUMMARY OF SIGNIFICANT CHANGES**

- Increase in cash due to receipts of capital campaign pledges plus the timing of the payment of invoices close to year end.
- Accounts and grants receivable remained relatively flat with the prior year.
- Increase in capital pledges receivable is the net result of new pledges made during the year (approximately \$2.3million) less cash received for pledges (approximately \$1.5million).
- Increase in property and equipment is driven by completion of the Teen Center construction, new equipment purchases, and additions/renovations to the 252 Oxford Street location.
- Other assets, which consists of investments, prepaid expenses, inventory, goodwill, and a beneficial interest in perpetual trust, also remained relatively flat with the prior year.

# Preble Street Resource Center

## LIABILITIES



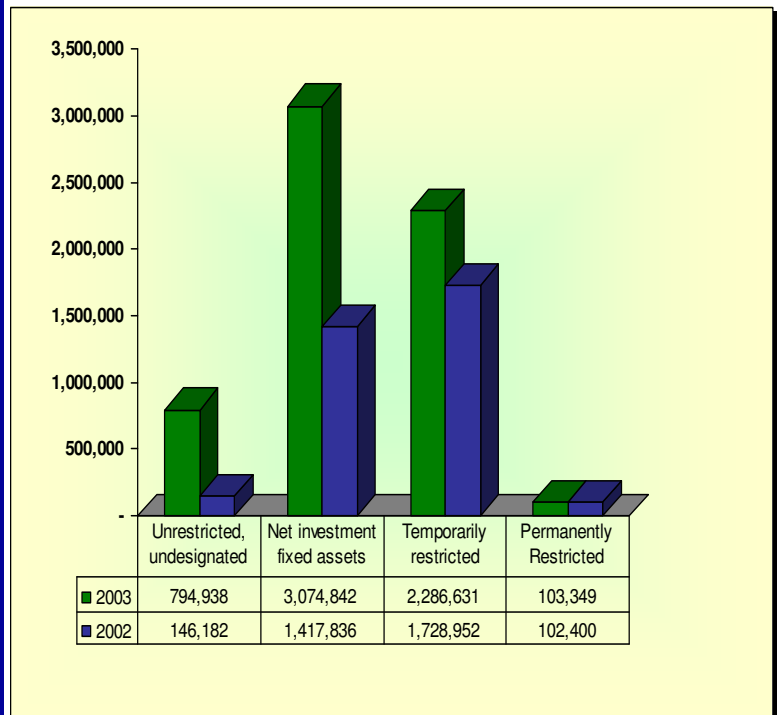
## SUMMARY OF SIGNIFICANT CHANGES

- Increase in accounts payable is due to the timing of the payment of invoices close to year end. Of the \$331k increase, \$247k pertained to architect and construction fees.
- Increase in debt is the net result of the paying off the Portland Street mortgage (\$99,929), making a large principal payment towards the Bridge Loan (\$133,333), and entering into new construction related debt for \$269,912.
- Drop in deferred revenue due to the write-off of DMHMR money that was reduced by \$25,428.

## SUMMARY OF SIGNIFICANT CHANGES

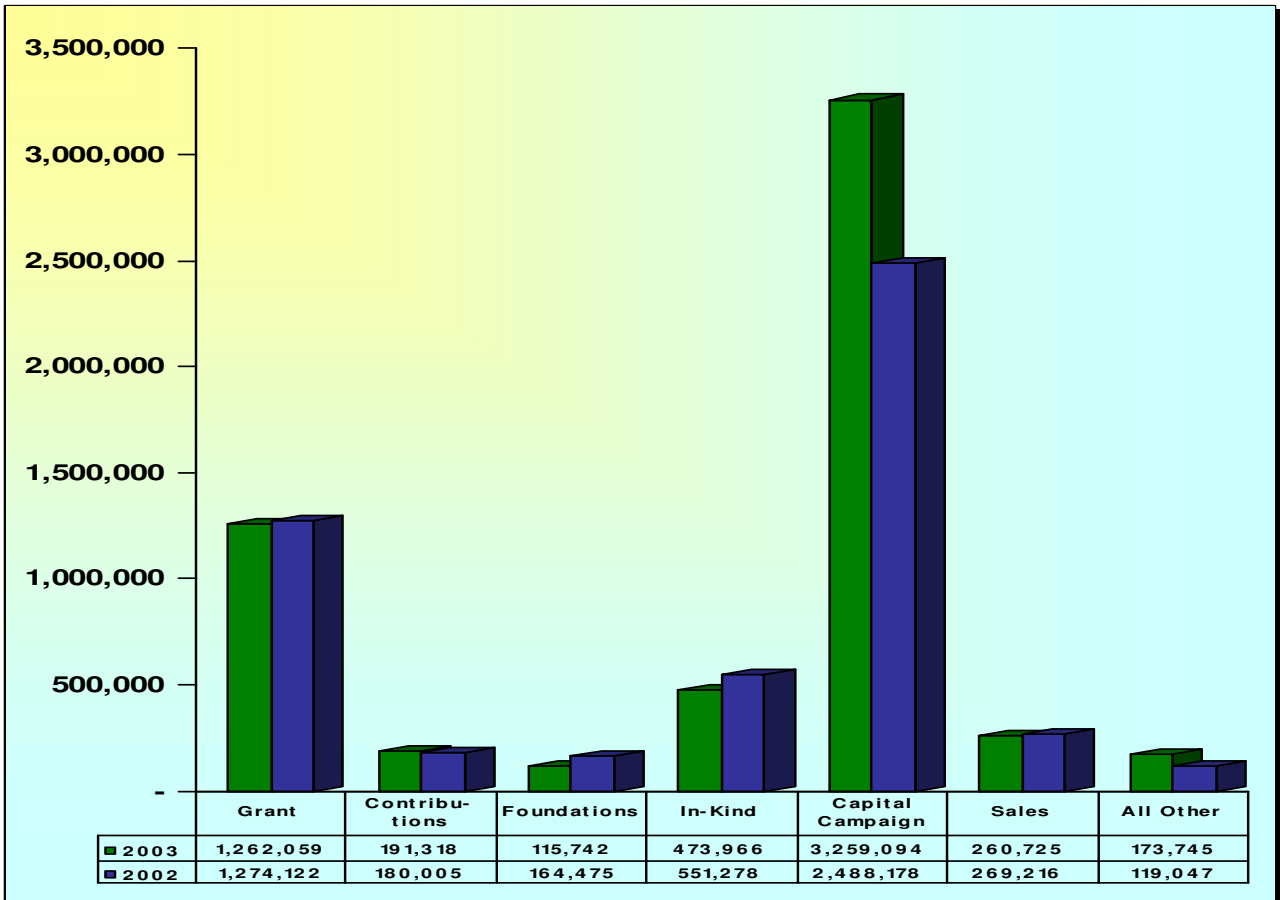
- Net assets basically represents the cumulative results of revenues less expenses; a nonprofit's equivalent to corporate retained earnings.
- Permanently restricted remained flat with the prior year.
- Increase in temporarily restricted driven by the capital campaign revenue recorded during the year. It includes both pledges receivable and cash contributions.
- Unrestricted net assets is broken down between net investment in fixed assets and undesignated. The increase in fixed asset investment is driven by the new Teen Center and renovations/additions to the Oxford Street building. Undesignated basically represents what's left over. The large increase this year is really due to the timing of the receipt of capital campaign pledges and their related release from restriction.

## NET ASSETS



# Preble Street Resource Center

## SUPPORT & REVENUE

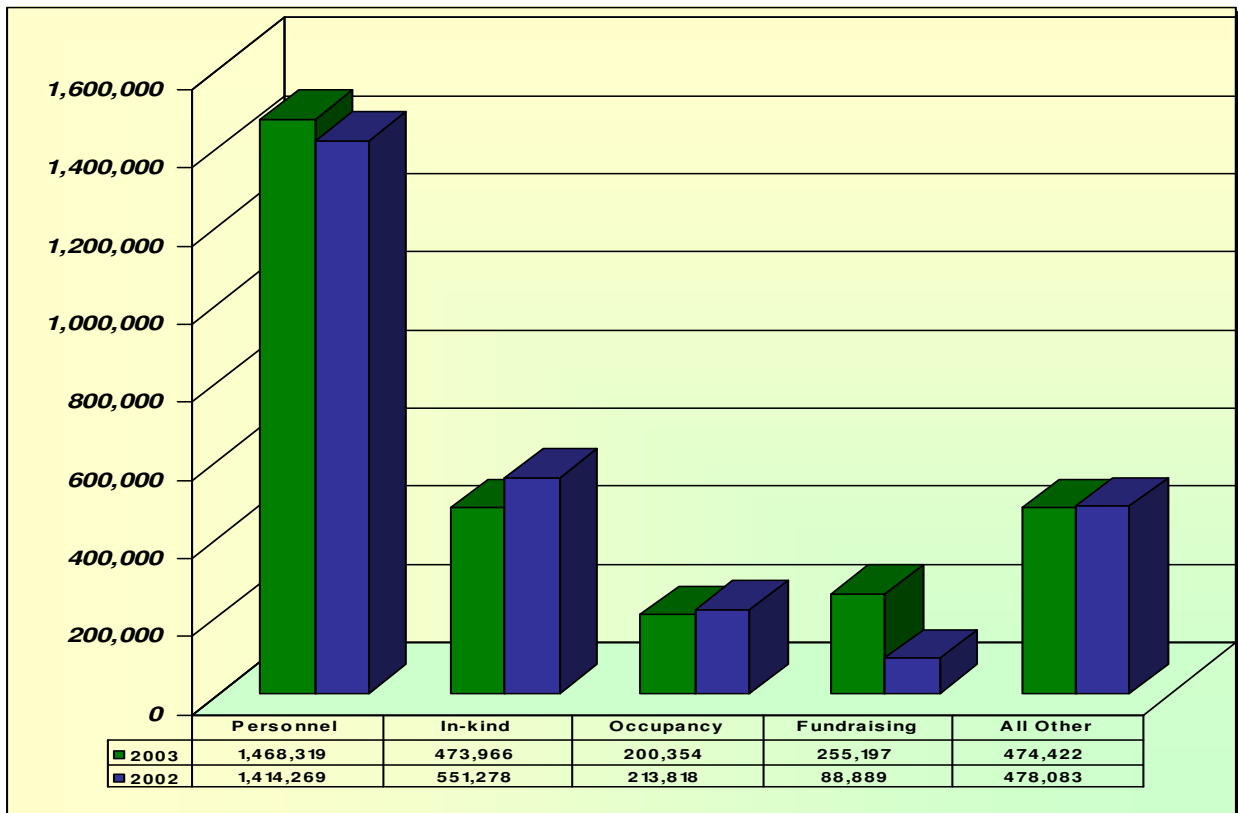


### SUMMARY OF SIGNIFICANT CHANGES

- The biggest revenue driver in 2003 was PSRC's capital campaign, which had an increase of roughly \$771k. Of the \$3.2 million in campaign revenues recorded, \$2.3 million pertain to new pledges receivable, with the remainder being from cash gifts.
- Decrease of in-kind contributions due to fewer donated services (i.e. student interns) and the discontinuation of the garden project. Fewer donated food commodities also contributed to the swing.
- Fewer foundation dollars for the breakfast program was the driver behind the \$49k drop in foundation revenue.
- Increase in other revenue is driven by PSRC's annual campaign which brought in \$138k in 2003 compared to \$91k in 2002.

# Preble Street Resource Center

## EXPENSES BY NATURAL CATEGORY

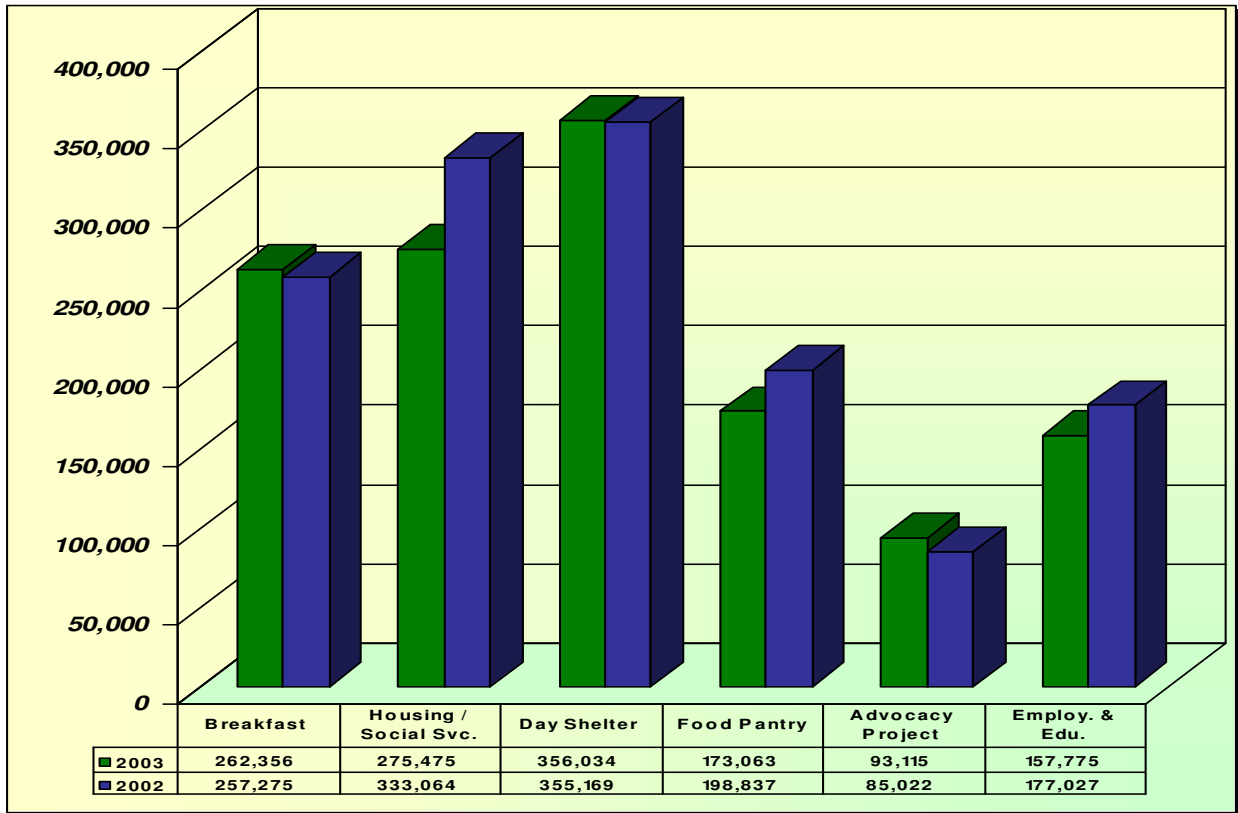


## SUMMARY OF SIGNIFICANT CHANGES

- Slight increase in personnel costs driven by cost of living adjustments for employees.
- Decrease of in-kind expenses corresponds with the lower in-kind revenues mentioned earlier.
- Drop in occupancy costs due to pay off the Portland Street mortgage and the related interest savings, as well as the Center being basically shut down for the Month of June 2003 due to construction/renovation.
- Higher fundraising costs directly related to PSRC's capital campaign.
- Other assets represents a variety of smaller expense lines, most of which are under \$50k each. The offsetting increases and decreases of these expense lines net out to roughly a \$4k swing from 2002 to 2003.

# Preble Street Resource Center

## EXPENSES BY FUNCTIONAL CATEGORY (1 of 2)

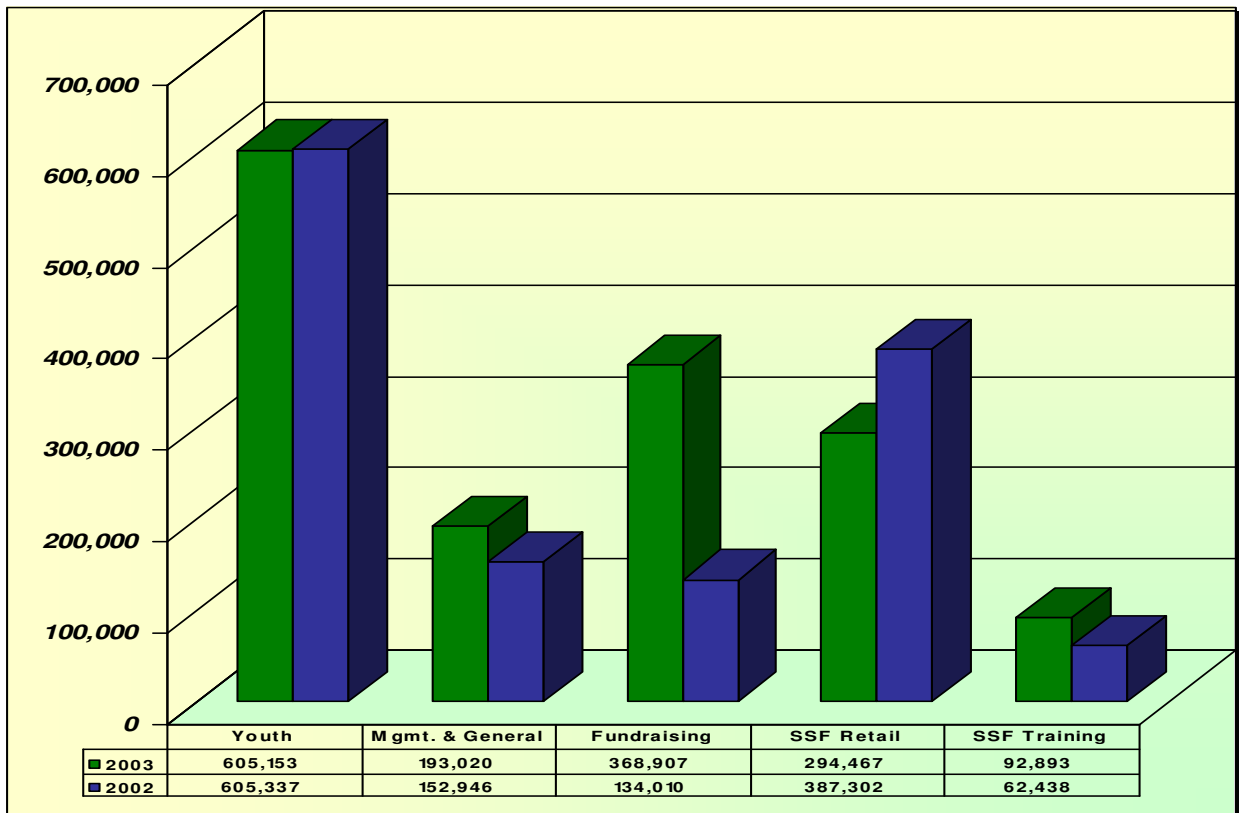


### SUMMARY OF SIGNIFICANT CHANGES

- Decrease in housing and social services is caused by fewer student interns and the discontinuation of the garden program.
- Fewer food commodities and donated services are the main factors behind the drop in the food pantry program.
- Midway through 2002 a staff member was added to the Advocacy project; 2003 was the first full year of employment for this position, thus accounting for the increase.
- Decrease in employment and education is driven by several staff vacancies that weren't filled for some time. Replacements have subsequently been hired.
- Expenses related to the Breakfast and Day Shelter programs remained flat with the prior year.

# Preble Street Resource Center

## EXPENSES BY FUNCTIONAL CATEGORY (2 of 2)

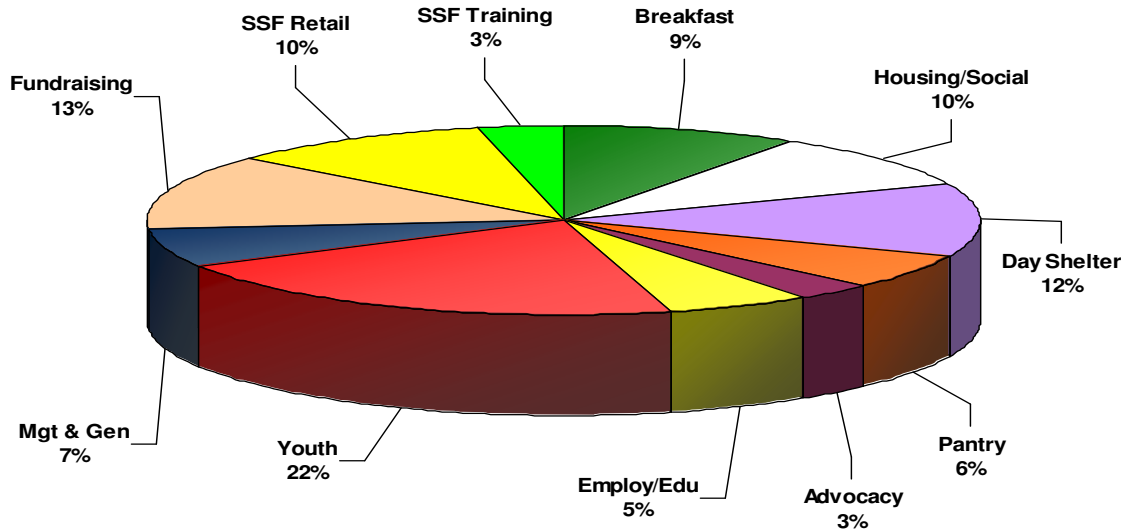


### SUMMARY OF SIGNIFICANT CHANGES

- Increase in management and general due to the hiring of additional administrative staff such as the Director of Development and HR. This is just another indication of the Agency's continued growth.
- Increase in fundraising relates to the capital campaign reaching its peak in 2003.
- Decrease in Stone Soup Food retail relates to the closing of the Café in May 2002.
- Increase in Stone Soup Food training due to a greater management focus being placed on training instead of Café operations, coupled with occupancy allocations no longer being shared with the Café. Training also had four sessions in 2003 compared to three sessions in 2002.

# Preble Street Resource Center

## EXPENSES BY FUNCTIONAL CATEGORY



## RATIO ANALYSIS

Current ratio	A	2.73	8.27	1.91	2.57
Debt to equity ratio	B	0.10	0.18	0.20	0.11
Management expense as % of total expenses	C	7%	6%	5%	6%
Days expenses in unrestricted net assets	D	33	19	22	24

### KEY

- A current assets / current liabilities
- B loans payable + long-term debt / net assets
- C management expense / total expenses
- D unrestricted (undesignated) net assets / [total expenses / 365 days]

## **FINAL WORDS**

This presentation is intended as a tool to assist the Board of Directors and management of Preble Street Resource Center in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of

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