PREBLE STREET RESOURCE CENTER, INC. AND ITS AFFILIATE

Consolidating Financial Statements

June 30, 2004 and 2003



Independent Auditor's Report

To the Board of Directors of Preble Street Resource Center, Inc.

We have audited the accompanying consolidating statements of financial position of Preble Street Resource Center, Inc. (a nonprofit corporation) and its affiliate, Stone Soup Foods (a nonprofit corporation), as of June 30, 2004 and 2003 and the related consolidating statements of activities. functional expenses, and cash flows for the years then ended. These consolidating financial statements are the responsibility of Preble Street Resource Center, Inc. and its affiliate's management. Our responsibility is to express an opinion on these consolidating financial statements based on our audits.

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

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position(s) of Preble Street Resource Center, Inc. and its affiliate, Stone Soup Foods, as of June 30, 2004 and 2003, and changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 2004 on our consideration of Preble Street Resource Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Runyon Kuster Ouellette

September 24, 2004

South Portland, Maine

PREBLE STREET RESOURCE CENTER, INC. AND ITS AFFILIATE Consolidating Statements of Financial Position Years ended June 30, 2004 and 2003

Proble Strate Read Strate				č	7				•	
Property Process Pro		4	eble Street	7	704		Prehie Street	7	703	
seus: 142,219 12,086		- J	Resource enter, Inc.	Stone Soup Foods	Eliminations	Consolidated totals	Resource Center, Inc.	Stone Soup Foods	Eliminations	Consolidated totals
sets: 142,219 12,086 -	ASSETS					- Andrews Wilder	deliver	490000100000000000000000000000000000000	- Pro- Address of the Control of the	
142,219 12,086 -	Current assets:									
tricted operation Table serving the covable to the	Cash	∽	142,219	12,086	+	154,305	391,006	16,447	•	407,453
1,22,769	Investments		6,493		•	6,493	4,112		F	4,112
receivable, current portion 722,766 - 77 receivable, intercompany 264,167 - (46,450 - 72 receivable, intercompany 264,167 - (46,450 - 72 receivable, intercompany 1,228,018 18,516 - 72 receivable, intercompany 1,228,018 18,516 - 72 receivable, intercompany 1,228,018 18,516 (55,734) 1,220 receivable, intercent assets 1,228,018 18,516 (55,734) 1,220 receivable, intercent assets 1,228,018 18,516 (55,734) 1,220 receivable, intercent assets 1,228,018 18,516 - 4,81 receivable, intercent assets 1,228,018 18,516 - 4,81 receivable, intercent assets 1,228,018 18,516 - 5,10 receivable, intercent assets 1,228,018 1,528,019 - 5,10 receivable, intercent assets 1,228,018 1,528,019 - 5,10 receivable and intercent assets 1,228,018 1,528,018 1,529 receivable, intercent assets 1,228,018 1,528,018 1,529 receivable, intercent assets 1,228,018 1,529 receivable, intercent assets 1,228,018 1,529 receivable, intercent assets 1,228,018 1,529 receivable assets 1,228,018 1,539 receivable assets 1,228,018 1,539 receivable assets 1,228,018 1,539 receivable assets 1,228,018 1,539 receivable and next assets 1,228,018 1,539 receivable assets 1,228,018 1,539 recei	Accounts receivable		44,450	1	(9,284)	35,166	120,468	į	ı	120,468
teceveble, intercompany 46,450 - (46,450) s receivable tidexponses 1,1203 5,164 - 1200 for general assets 1,238,018 18,516 (55,734) 1,120 for duipment: 274,380 40,000 - 31 for duipment: 274,380 149,076 - 4,81 for duipment 4,902,452 14,907 - 4,81 for property and equipment 4,902,452 215,648 - 5,11 sesses and for anottrainton costs of 1,41,71 3,43,421 - 5,70 for all pictors net of anottrainton costs of 1,41,71 3,778 3,434 20,867 1,501 for all pictors net of anottrainton costs of 1,41,72 - 1,502 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,41,72 - 1,500 for all pictors net of anottrainton costs of 1,43,334 20,867 - 4,500 for and \$3.72, respectively 2,41,82 (55,734) 7,33 for all pictors net of anottrainton costs of 1,11,435 22,000 for anottrainteest in perpetual trust 1,11,435 22,000 for anottrainteest in perpetual trust 1,11,435 22,000 for anottrainteest of assets 2,100,208 10,1350 - 4,300 for all interest in perpetual trust 1,11,437 2,138 2,138 2,134 2,138 for all interest iced 1,11,437 2,138 2,138 2,139 for all interest iced 1,11,437 2,138 for all interest iced 1,11,437 2,138 for all interest and net assets 5,100,208 10,1350 for all interest iced 1,11,437 2,138 for all interest iced 2,138 2,134 2,138 for all interest iced 2,138 2,134 2,138 for all interest iced 3,134 2,138 for all interest iced 4,130 2,138 for all interest iced 3,134 2,138 for all interest iced 4,130 2,131 for all int	Capital pledges receivable, current portion		722,769	1	1	722,769	1,153,251	į	ī	1,153,251
te exercivable to detect a control of the control o	Loan receivable, intercompany		46,450	1	(46,450)	1	39,289	ŧ	(39,289)	
tid expenses 14,273 1,266 - 1 Total current assets 1,258,018 18,516 (55,734) 1,22 Total current assets 1,258,018 18,516 (55,734) 1,22 Indequipment: 274,380 40,000 - 31 Interest improvements 4,66,061 149,076 - 4,81 Interest in perpetual trust 2,492,452 215,648 - 5,11 Interest in perpetual trust 2,492,452 215,648 - 5,11 Interest in perpetual trust 1,417 - 1,034 Interest in perpetual trust 2,43,334 20,867 24,185 (55,734) 7,39 Interest in perpetual trust 2,43,334 20,867 24,185 (55,734) 7,39 Interest in perpetual trust 2,43,334 20,867 25,000 13 Interest in perpetual trust 2,43,334 20,867 25,000 2,000 13 Interest in perpetual trust 2,43,334 20,867 25,000 2,000 13 Interest in perpetual trust 2,43,334 20,867 25,000 2,	Grants receivable		264,161)	•	264,161	243,122	į	,	243,122
17.203 5.164 - 2.28.018 18.516	Prepaid expenses		14,273	1,266	1	15,539	3,769	1,120	•	4,889
Total current assets 1,238,018 18,516 (55,734) 1,22 Independent assets 1,238,018 1,2	Inventory		17,203	5,164	1	22,367	3,183	4,438	ī	7,621
ings and improvements 4,666,061 149,076 - 31 ings and improvements 4,666,061 149,076 - 4,81 ings and improvements 4,666,061 149,076 - 4,81 ings and improvements 4,666,061 149,076 - 6,81 ingest the communicated depreciation (516,662) 215,667 215,648 - 5,171 21,001 and 232,227, respectively (127,773) - 6,45 in property and equipment 27,815 and \$23,227, respectively (167,773) - 6,27,160 - 7,815 and \$23,227, respectively (167,773) - 6,27,160 - 7,201 and \$2375, respectively (167,773) - 6,27,173 and \$20,000 - 7,201 and \$2	Total current assets		1,258,018	18,516	(55,734)	1,220,800	1,958,200	22,005	(39,289)	1,940,916
19,076 1	Property and equipment:						anniety by defende for an anniety by the first of the fir			
rigg and improvements	land		274 380	40.000	,	314 380	035 1260	40,000		717
test the commutation of control o	Ruildings and improvements		7 666 061	140,076	•	1 014,560	274,360	40,000	į	314,380
15,2,500 13,713 - 0	Fairpment		4,000,001	149,070	,	4,615,137	2,226,142	148,971	ŧ	5,577,113
Second and depreciation Second and depre	Vehicles		432,800	133,913		17/900	276,443	153,/37	1	430,180
becumulated depreciation Net property and equipment Net property and equipment A,902,452 11,643 14,511 A,516 A,521 A,531 A,531 A,531 A,531 A,532 A,532 A,532 A,532 A,532 A,532 A,533	TOTIFIED TO		23,007	450		167'07	108,62	430	E	76,297
Net property and equipment	I am assument board		5,419,114	343,421	,	5,762,535	3,804,832	343,138	1	4,147,970
Net proporty and equipment	Less acculintated depreciation		(216,002)	(121,73)	ſ	(644,435)	(319,093)	(102,371)	1	(421,464)
### piedges receivable, noncurrent ### and \$23,227, respectively vill costs net of amortization costs of 7,815 and \$23,227, respectively vill costs net of amortization costs of 00 and \$375, respectively vill costs net of amortization costs of 10 and \$375, respectively vill costs net of amortization costs of 10 and \$375, respectively vill costs net of amortization costs of 116,175 116,175 116,175 116,175 116,175 116,175 116,175 116,175 116,175 117,396	iver property and equipment		4,902,432	215,648	,	5,118,100	3,485,739	240,767	-	3,726,506
al pledges receivable, noncurrent page 17,160 9 22 Jan 50,227, respectively	Other assets:									
ivation costs net of amortization costs of 7,815 and \$23,227, respectively 7,825 assets 7,826 assets 7,826 assets 7,205,222 243,185 (55,734) 7,39 7,337 8,9050 - 13 7,338 16,229 (9,284) 3 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,050 - 13 7,378 9,000 7,379 10,130 10,130 7,300 10,130 10,130 7,301 net in property and equipment assets 5,077,477 32,188 - 1,12 7,301 net assets 5,077,477 32,188 6,32 7,305,232 243,185 (55,734) 7,39 7,39 7,301 restricted 7,301 intentive restricted 7,301 intentive restricted 7,301 intentive restricted 7,305,301 10,130 10,130 7,301 restricted 7,301 intentive restricted 7,305,302 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,136 10,137 7,305,303 10,137 7,3	Capital pledges receivable, noncurrent		927.160	•	•	927 160	1 583 469	,	•	1 583 469
7,815 and \$23,227, respectively of on and \$375, respectively of on and \$375, respectively of on and \$375, respectively rotal interest in perpetual trust 1,417 1,417 1,417 1,447 1,447 1,447 1,447 1,447 1,447 1,445	Organization costs net of amortization costs of						· · · · · · · · · · · · · · · · · · ·			VOT, COL.
will costs net of amortization costs of 10 and \$375, respectively 116,175 12 assets 1,044,732 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,734 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,733 1,044,430	\$27,815 and \$23,227, respectively			4.521	•	4 521	,	9 109	•	9 100
116,175	Goodwill costs net of amortization costs of							\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\		,,107,
rotal interest in perpetual trust 116,175 - - 11 assets 1,417 - - 1,044,752 9,021 - 1,05 Total assets \$ 7,205,222 243,185 (55,734) 7,39 TIES AND NET ASSETS 433,334 20,867 - 45 biblities: ant portion of long-term debt 31,439 16,229 (9,284) 3 nits payable 37,778 9,050 - 4 4 red expenses 37,778 9,050 - 4 red expenses 37,778 9,050 - 4 red expenses 111,435 25,000 - 4 red expenses 613,986 117,596 (35,734) 67 red expenses 111,435 25,000 - 4 red expenses 613,986 117,596 (35,734) 67 debt, net of current portion 268,810 93,431 - 430 red	\$500 and \$375, respectively		•	4,500	•	4.500	,	4 675	1	5097
assets Total other assets Total liabilities Total liabilities and net assets Total liabilities and net asset	Beneficial interest in perpetual trust		116.175	, '	ı	116.175	103 349) - -	•	103 340
Total other assets 1,044,752 9,021 - 1,05 TIES AND NET ASSETS S 7,205,222 243,185 (55,734) 7,39 FIES AND NET ASSETS Initial solutions: 433,334 20,867 - 45 biblities: and portion of long-term debt 13,439 16,229 (9,284) 3 and portion of long-term debt 37,778 9,050 - 46,450 red expenses 37,778 9,050 - 46,450 red expenses 111,435 25,000 13 red expenses 613,986 117,596 (55,734) 67 debt, net of current liabilities 882,796 211,027 (55,734) 1,03 Tricted, operating 877,169 (69,192) - 4,30 ricted, operating 877,169 (69,192) - 4,30 ricted, operating 877,477 32,158 - 1,12 ricted, operating 116,175 - - - ricted, operating 116	Other assets		1,417	1	•	1.417	1.331			1331
Total assets \$ 7,205,222 243,185 (55,734) 7,39 bilities: at 5,205,222 243,185 (55,734) 7,39 bilities: at 5,203 - 45 and portion of long-term debt 31,439 16,229 (9,284) 3 a expenses 37,778 9,050 - 46,450 repayable - 46,450 (46,450) 13 red expenses 111,435 25,000 - 13 red revenue 111,435 25,000 - 13 debt, net of current portion 6613,986 117,596 (55,734) 67 debt, net of current portion 882,796 211,027 (55,734) 1,03 Total liabilities 882,796 211,027 (55,734) 1,03 ricted, operating 882,796 211,027 (55,734) 1,03 ricted, operating 7,207,477 32,158 - 4,30 rotal in mrestricted onet assets 6,322,426 32,158 - <	Total other assets		1,044,752	9,021	1	1,053,773	1,688,149	13,734		1,701,883
Total labilities and net assets	Total acrata	6	000 100 11	107.070						
TIES AND NET ASSETS tbilities: 433,334 20,867 45 nnt portion of long-term debt 31,439 16,229 (9,284) 3 ed expenses 37,778 9,050 - 4 red expenses - 46,450 - 13 red expenses - 111,435 25,000 - 13 red evenue 111,435 25,000 - 13 debt, net of current portion 268,810 93,431 36 debt, net of current portion 882,796 211,027 (55,734) 1,03 ricted, operating 877,169 (66,192) - 4,30 ment in property and equipment 4,200,308 101,350 - 4,30 orarily restricted on t assets 5,077,477 32,158 - -	I OTAL ASSETS	6	7,205,222	243,185	(55,734)	7,392,673	7,132,088	276,506	(39,289)	7,369,305
In portion of long-term debt the portion of long-term debt that property and equipment that property and that property are property and that property and that property are property and that property and that property are property and that property are	LIABILITIES AND NET ASSETS									
nti portion of long-term debt 433,334 20,867 - 45 mits payable 31,439 16,229 (9,284) 3 ed expenses 37,778 9,050 - 4 red expenses 23,778 9,050 - 13 red revenue 111,435 25,000 - 13 debt, net of current liabilities 613,986 117,596 (55,734) 67 debt, net of current portion 268,810 93,431 36 Total liabilities 882,796 211,027 (55,734) 1,03 ment in property and equipment 4,200,308 101,350 - 4,30 ment in property and equipment 5,077,477 32,158 - 5,10 orarily restricted 11,128,774 - 1,112 mently restricted 11,128,774 - 1,112 mently restricted 11,128,774 - 1,112 Total inter assets 6,322,426 32,158 - 6,35 Total inter assets 8,7205,222 243,185 (55,734) 7,39	Current liabilities:									
1,439 16,229 (9,284) 3 37,778 9,050	Current portion of long-term debt		433,334	20,867	,	454,201	233,333	20,788	•	254,121
red expenses 37,778 9,050 - 46,450 - 46,450 - 46,450 - 46,450 - 46,450 - 46,450 - 13 red revenue Total current liabilities 111,435 25,000 - 13 613,986 117,596 (55,734) 67 764 17,1596 17,1796 17,1796 17,1796 17,1796 17,1796 17,1797 17,1796 17,1796 17,1797 17,1796 1882,796 11,1370 11,1380 11,1380 11,128,774	Accounts payable		31,439	16,229	(9,284)	38,384	368,158	20,707	•	388,865
red revenue - 46,450 (46,450)	Accrued expenses		37,778	9,050	ŧ	46,828	42,766	6,932	•	49,698
11,435 25,000	Loans payable		,	46,450	(46,450)	,	•	41,449	(39,289)	2,160
debt, net of current liabilities 613,986 117,596 (55,734) 67 debt, net of current portion 268,810 93,431 . 36 Total liabilities 882,796 211,027 (55,734) 1,03 tricted, operating 877,169 (69,192) . 80 ment in property and equipment 4,200,308 101,350 . 4,30 rotal unrestricted net assets 5,077,477 32,158 . 5,10 ovarily restricted 1,128,774 . . 1,12 Total net assets 6,322,426 32,158 . . 1,12 Total net assets 6,322,426 32,158 . . 6,35 Total liabilities and net assets 7,205,222 243,185 (5,35,734) 7,39	Deferred revenue		111,435	25,000	ŧ	136,435	17,158	-	-	17,158
Total liabilities and net assets Control of the	I ofal current liabilities		613,986	117,596	(55,734)	675,848	661,415	89,876	(39,289)	712,002
tricted, operating tricted, operating ment in property and equipment Total unrestricted Total unrestricted Total liabilities and net assets R7,169 (69,192) - 4,30 - 4,30 - 4,30 - 1,12 - 1,12 - 1,12 - 1,12 - 1,12 - 1,12 - 1,13 - 6,322,426 - 6,332 Total liabilities and net assets	Long-term debt, net of current portion		268,810	93,431	:	362,241	303,246	94,297	1	397,543
tricted, operating	l'otal habilities		882,796	211,027	(55,734)	1,038,089	964,661	184,173	(39,289)	1,109,545
and equipment	Net assets:									
4,200,308 101,350 - 4,300 5,077,477 32,158 - 5,100 1,128,774 -	Unrestricted, operating		877,169	(69,192)	•	716,108	828,287	(33,349)	•	794,938
stricted net assets 5,077,477 32,158 - 5,10 1,128,774 - 1,12 116,175 - 1,12 ssets 6,322,426 32,158 - 6,35 illties and net assets \$ 7,205,222 243,185 (55,734) 7,39	Investment in property and equipment		4,200,308	101,350		4,301,658	2,949,160	125,682	1	3,074,842
1,128,774	Total unrestricted net assets		5,077,477	32,158	•	5,109,635	3,777,447	92,333	1	3,869,780
ssets 6,322,426 32,158 - 11 ilities and net assets \$ 7,205,222 243,185 (55,734) 7,39	Temporarily restricted		1,128,774	•		1,128,774	2,286,631	•	•	2,286,631
6,322,426 32,158 - 6,35 \$ 7,205,222 243,185 (55,734) 7,39	Permanently restricted		116,175	,	•	116,175	103,349	ı	1	103,349
S 7,205,222 243,185 (55,734) 7,39	Total net assets		6,322,426	32,158	•	6,354,584	6,167,427	92,333	1	6,259,760
	Total liabilities and net assets	€9	7,205,222	243.185	(55.734)	7.392.673	7.132.088	276.506	(39 280)	7 369 305
The accompanie are an interest rank of those fearmants	The state of the s					The acc	an solou numunum	o an internal no	rt of those finance	of of the same

PREBLE STREET RESOURCE CENTER, INC. AND ITS AFFILIATE Consolidating Statements of Activities Years ended June 30, 2004 and 2003

Control of the cont			4004	7007				3003	
the control of the control o		Proble Street	7	964		Prehie Street		2003	
the churches and exponentions \$ 1,000,800 66,016 (3,077) 1,142,836 1,196,215 65,844 (1,500) 1,142,846 (1,514) 2,154,242 (1,514) 2,154,242 (1,514) 2,154,242 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,154,243 (1,514) 2,144,31 (1,514)		Resource Center, Inc.	Stone Soup Foods	Eliminations	Consolidated totals	Resource Center, Inc.	Stone Soup Foods	Eliminations	Consolidated totals
six churches and corporations	Unrestricted net assets:								
als, churches and corporations \$ 1,08,350 6,0106 1,142,356 1,196,215 6,5344 - 1,2 als, churches and corporations 110,319 4,091 (23,973) 1,174,256 115,742 13,200 (13,50) 1 investments 200,351 4,091 (23,973) 1,175,673 13,720 (13,50) 1 investments 200,400 27,544 281,677 46,438 36,858 375 - 1 section 17,556,13 17,548 19,123 2,146,73 46,143 135,870 375 - 13,147 375 - 13,147 375 - 13,147 4,144 36,579 37,147 4,144 37,147 4,144 37,147 4,144 37,144	Support and revenue:								
als, churches and corporations [10,313] 4,0,91 (23,075) 117,335 [19,1018 13,920 (13,620) 1 11,165 [11,165] 115,772 [11,165] 11,165 [11,172] 115,165 [11,172] 117,172 [11,165] 117,772 [11,165] 117,772 [11,165] 117,772 [11,165] 117,772 [11,165] 117,772 [11,165] 117,772 [11,165] 117,772 [11,165] 117,772 [11,165] 117,772 [11,165]			60,016	1	1,142,836	1,196,215	65,844	í	1,262,059
11,1/16 11,1	Contributions from individuals, churches and corporations	110,319	40,091	(23,075)	127,335	191,018	13,920	(13,620)	191,318
11,165 1	Foundation income	200,351	1	ı	200,351	115,742	:	t	115,742
161,228 17,651 17,651 17,651 18,520 1375 18,520 1375 18,520 1375 18,520	Donated services	112,165	•	ſ	112,165	107,720	ŧ	•	107,720
17.5651 17.5	Donated goods	461,428	•	1	461,428	365,870	375	•	366,245
1,355,004 10,188 23,057.5 281,637 4451 4451 280,725 281,637 4451 4451 280,725 281,637 4451 44	Special events	175,651	•	1	175,651	158,209	•	•	158,209
recuting the control of the control	Unrealized gains (losses) on investments	986	,	ŧ	986	(357)	•	1	(357)
centure 237,554 10,188 (23,075) 24,677 25,114 (1,116) (2,117) (2,117) (2,117) (3,200) recomme 2,154,101 39,532 (46,518) 2,24,677 25,114 1,116 (2,117) (1,116) 24,116 (1,116) (2,117) (2,117) (2,117) 24,117 (2,117) (2,117) 24,116 (1,116) 24,116 (1,116) 24,116 (1,116) 24,117 24,117 24,118 <td>Interest and dividend income</td> <td>2.877</td> <td>r</td> <td>1</td> <td>2.877</td> <td>4.451</td> <td>,</td> <td>7</td> <td>4.451</td>	Interest and dividend income	2.877	r	1	2.877	4.451	,	7	4.451
revenue 37,594 10,188 (23,075) 24,617 25,114 1,116 (13,50) 24,4111 31,537,01 2,329,883 2,163,982 39,863 (77,240) 2,44 2,144,101 31,532 (46,150) 2,529,883 2,163,982 39,863 (77,240) 2,44 2,44,101 31,537,01 2,43,101 2,44,1	Sales	. '	281,637	•	281,637	i	260,725	,	260,725
verture 219504 0.1888 22907s 24617 24617 2514 1,116 (155200) 24 nue and reclassifications 2184,101 391,322 (46,150) 2.593,863 27,240 2.7 nue and reclassifications 1,753,701 391,873 (46,150) 4,285,384 4,665,397 339,863 (77,240) 2.7 program 200,346 - 200,346 2.0 2.	Loss on sale of assets	,		ı	i	1	(2,117)	,	(2,117)
Program 2.144.101 391,932 (46,150) 2.53.983 2.165.92 339,863 (27,240) (27,2	Other income	37,504	10,188	(23,075)	24,617	25,114	1,116	(13,620)	12,610
1,753,701 2,00,445 2,00,346 2,00,347 2,00,346	Total support and revenue	2,184,101	391,932	(46,150)	2,529,883	2,163,982	339,863	(27,240)	2,476,605
retrine and reclassifications 5,977,802 391,932 (46,150) 4,285,584 4,865,397 339,863 (27240) ses program 200,346 - 200,346 262,356 - 275,475 - 200,346 262,356 anterior and reclassifications 200,346 - 200,346 262,356 - 275,475 - 200,346 262,356 anterior	Net assets released from restrictions	1,753,701	-	ı	1,753,701	2,701,415	-	•	2,701,415
res program 309,346 299,346 262,356	Total support, revenue and reclassifications	3,937,802	391,932	(46,150)	4,283,584	4,865,397	339,863	(27,240)	5,178,020
res program 230,346 - 20,346 206,356 - 309,140 275,475 - 200,346 206,356 - 309,160 275,475 - 20,340,160 275,475 - 20,340,160 275,475 - 20,340,160 275,475 - 20,340,160 275,475 - 20,340,160 275,475 - 20,340,160 275,475 - 20,340,170 216,579 113,043 - 20,341,130 21,130,03 - 20,341,15 - 20,341,15 - 20,341,15 - 20,341,15 - 20,341,15 - 20,341,15 - 20,341,15 - 20,340,103 21,130,00	Program expenses:								
ses program 401,544 - 401,544 356,034 - 401,544 356,034 - 401,544 356,034 - 401,544 356,034 - 401,544 356,034 - 401,544 356,034 - 401,544 356,034 - 401,544 356,034 - 401,545 356,034 - 401,545 313,039 - 401,530 313,039 - 401,530 313,039 - 401,530 313,039 - 401,530 313,039 - 401,530 311,530 31,030	Breakfast program	290,346	•		290,346	262,356	ı	•	262,356
142,544	Housing and social services program	309,160	•	1	309,160	275,475	ı	1	275,475
16,579 173,063 173,063 174,0	Day shelter	421,544	•	1	421,544	356,034	ı	i.	356,034
nter) 104,317 - 1 104,317 1, 104,317 1, 104,317 1, 104,317 1, 104,317 1, 104,317 1, 104,317 1, 104,317 1, 104,289 1, 104,775 1, 104,289 1, 104,775 1, 104,289 1, 104,775 1, 104,289 1, 104,775 1, 104,041 1, 104,04,041 1, 104,041 1, 104,041 1, 104,041 1, 104,041 1, 104,041 1, 1	Food pantry	216,579	•	Ŧ	216,579	173,063	1	1	173,063
nthering that the state of the	Advocacy project	104,317	ī	1	104,317	93,115	•	í	93,115
riter) 687,765 - 322,192 (15,256) 316,336 - 304,103 (9,656) g program - 119,915 (7,819) 112,096 - 96,877 (3,949) spenses 2,176,000 452,107 (23,075) 2,605,032 1,922,971 400,980 (13,620) spenses 2,82,772 - (23,075) 2,66,187 206,640 - (13,620) sec) in unrestricted net assets 1,375,030 (60,175) - (1,232,857) (7,500) sec) in temporarily restricted net assets (1,753,701) - (1,753,701) - (1,753,701) (2,701,415) - (1,232,857) (61,117) - (1,232,857) (1,362) - (1,362	Employment and education	146,289	1	1	146,289	157,775	1	•	157,775
ctrivities 332,192 (15,256) 316,936 - 304,103 (9,636) g program 2,176,000 452,107 (7,819) 112,096 - 96,877 (3,944) services 2,89,262 - (23,075) 2,605,032 1,922,971 400,980 (13,620) sey in unrestricted net assets 3,57,72 452,107 (46,150) 2,66,879 2,66,879 (61,117) - sey in unrestricted net assets 1,375,030 (60,175) - (3,560) - - (13,620) sey in temporarily restricted net assets (1,232,87) - (1,533,01) -	Youth program (Teen Center)	687,765	1	•	687,765	605,153	,	ı	605,153
g program 119,915 (7,819) 112,096 96,877 (3,944) specifications 2,176,000 432,107 (23,075) 2,665,032 1,922,971 400,880 (13,620) services 386,772 - (23,075) 266,187 206,640 - (13,620) es) in unrestricted net assets 1,375,030 - (23,075) 363,697 - (13,620) sp) in temporarily restricted net assets 1,375,030 - (23,075) 2,988,729 2,488,518 400,980 (27,240) sp) in temporarily restricted net assets (1,537,01) - (75,000) - (1,533,01) - - (1,533,01) - <td< td=""><td>Stone Soup Foods retail activities</td><td></td><td>332,192</td><td>(15,256)</td><td>316,936</td><td>,</td><td>304,103</td><td>(9.636)</td><td>294,467</td></td<>	Stone Soup Foods retail activities		332,192	(15,256)	316,936	,	304,103	(9.636)	294,467
Appenses 2,176,000 452,107 (23,075) 2,605,032 1,922,971 400,980 (13,620) services 289,262 - (23,075) 266,187 206,640 - (13,620) services 386,772 - (23,075) 36,647 - (13,620) se) in unrestricted net assets 1,375,030 (60,175) - 1,314,855 2,366,879 (61,117) - se) in unrestricted net assets (75,000) - (75,000) - - (1,733,701) -	Stone Soup Foods training program	1	119,915	(7,819)	112,096	ł	72,96	(3,984)	92,893
services 289,262 - (23,075) 266,187 206,640 - (13,620) 97,510 - 97,510 368,907 - (13,620) 97,510 368,907 - (13,620) 97,510 368,907 - (13,620) 97,510 368,907 - (13,620) 97,510 368,907 - (13,620) 97,510 368,907 - (13,620) 97,510 1 (46,150) 2,968,729 2,498,518 400,980 (27,240) 98. in unrestricted net assets 1,375,030 (60,175) - (1,753,01) (75,000) 1 (75	Total program expenses	2,176,000	452,107	(23,075)	2,605,032	1,922,971	400,980	(13,620)	2,310,331
services 289,262 - (23,075) 266,187 206,640 - (13,620) 97,510 - (23,075) 266,187 206,640 - (13,620) 97,510 - (23,075) 363,697 255,547 - (13,620) 25,62,772 452,107 (46,150) 2,968,729 2,498,518 400,980 (27,240) (27,240) 25,562,772 (6,175) - (1,134,855 2,366,879 (61,117) - (1,136,20) 2,968,729 (1,117) - (1,136,20) 2,968,729 (1,117) - (1,136,20) 2,968,729 (1,117) - (1,136,20) 2,968,729 (1,117) - (1,136,20) 2,968,729 (1,117) - (1,136,20) 2,968,729 (1,117) - (1,136,20) 2,968,729 (1,117) - (1,136,20) 2,968,729 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929,94 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929 (1,117) 2,929,94 (1,117	Sumorting services:								
seyirices 386,772 - (23,075) 368,697 - (13,620) - (13,6	Management and general	780 262	,	(73.075)	766 187	206 640		(13.620)	102 020
se) in unrestricted net assets 136,772 - (23,075) 363,697 575,47 - (13,620) 2,562,772 452,107 (46,150) 2,968,729 2,498,518 400,980 (27,240) se) in unrestricted net assets 1,375,030 (60,175) - (1,314,855 2,366,879 (61,117) - (1,3240) cictions (1,753,701) - (1,753,701) (2,701,415) (1,753,701) se) in temporarily restricted net assets (1,232,857) - (1,232,857) (2,701,415) (1,232,857) se) in temporarily restricted nets assets (1,23,67) (1,232,857) (2,701,415) (1,232,857) se) in temporarily restricted nets assets (1,23,67) (1,232,857) (2,701,415) (1,232,857) (2,701,415) (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962 949) - (1,962	Findraising	97.510	•	(5,5,5,5)	97.510	368 907		(070,01)	368 907
se) in unrestricted net assets 1,375,030 (60,175) (46,150) 2,968,729 2,498,518 400,980 (27,240) se) in unrestricted net assets 1,375,030 (60,175) - 595,844 3,259,094 675,000 rections (1,753,701) (1,753,701) (1,753,701) (1,753,701) (1,753,701) (1,753,701) (1,232,857) 557,679 (1,232,857) 577,679 1,962 106	Total supporting services	386.772		(23.075)	363.697	575.547	1	(13 620)	561 927
se) in unrestricted net assets 1,375,030 (60,175) - 1,314,855 2,366,879 (61,117) - 6,259,844 (60,175) - 6,259,644 (60,175) - 6,259,644 (60,175) - 6,259,644 (60,175) - 6,259,700	Total expenses	2,562,772	452,107	(46,150)	2,968,729	2,498,518	400,980	(27,240)	2,872,258
edges (75,000) 595,844 3,259,094 6,75,000) (75,000) (75,000) (75,000) (1,733,701) (2,701,415) 10,864 843 1,962 106 12,826 106 12,826 106 12,826 106 12,826 106 12,826 106 12,826 106 12,826 106 12,826 106 12,826 106 11,17) 12,826 106,117) 12,826 106,117) 12,826 106,117) 12,826 106,117) 12,826 106,117) 12,826 106,117) 12,826 106,117)	Increase (decrease) in unrestricted net assets	1,375,030	(60,175)	ı	1,314,855	2,366,879	(61,117)	•	2,305,762
se) in temporarily restricted net assets (1,532,701)	Temporarily restricted net assets:								
adges (75,000) (75,000) (1,753,701) (2,701,415) (1,232,857) (1,232,857) (1,232,857) (2,701,415) (1,232,857) (2,701,415) (1,232,857) (2,701,415) (1,232,857) (2,701,415) (1,232,857) (2,701,415) (1,232,857) (2,701,415) (1,232,857) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,415) (2,701,417) (2	Restricted contributions	595.844	*	,	595.844	3.259.094	ı	,	3 259 094
rictions (1,753,701) (1,753,701) (2,701,415) (1,232,857)	Losses from uncollectible pledges	(75,000)	ı	1	(75,000)		ı	,	
se) in temporarily restricted net assets (1,232,857) (1,232,857) 557,679 10,864 843 1,962 1,962 10,864 106 1,962 1,962 - 106 1,962 12,826 949 12,826 949 12,826 949 12,826 949 13,826 94,824 2,925,507 (61,117) 1,962 153,450 1,962 153,450 1,962 153,450 1,962 153,450	Net assets released from restrictions	(1,753,701)	•	1	(1,753,701)	(2,701,415)	ı	1	(2,701,415)
i. 10,864 - 10,864 843 10,864 843 1,962 106 1,962 106 1,962 106 1,962 106 1,962 106 12,826 949 12,826 949 2,864 154,999 (60,175) - 94,824 2,925,507 (61,117) - 2,864 6,167,427 92,333 - 6,354,584 6,167,427 92,333 - 6,259	Increase (decrease) in temporarily restricted net assets	(1,232,857)		1	(1,232,857)	557,679	-	-	557,679
in 10,864 - 10,864 843 - 1,962 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 106 - 1,962 10,964 154,999 (60,175) - 94,824 2,925,507 (61,117) - 2,864,999 (60,175) - 6,259,760 3,241,920 153,450 - 3,395 1,962 10,	Permanently restricted net assets:								
come 1,962 - 1,962 106 -	Gain on endowment	10,864	,	i	10,864	843	1	1	843
ets 6,167,427 82,333 - 12,826 949 2,864 82,426 1,117) - 2,864 82,426 1,117) - 2,864 82,426 1,117) - 2,864 82,426 1,117) - 2,864 82,22,426 1,212,826 1,2133 - 6,259,760 1,214,27 1,213 1,2158 - 6,354,584 1,167,427 1,2133 - 6,259	Interest and dividend income	1,962	-	***	1,962	106	1	1	106
ets 154,999 (60,175) - 94,824 2,925,507 (61,117) - 6,167,427 92,333 - 6,259,760 3,241,920 153,450 - 8,322,426 32,158 - 6,354,584 6,167,427 92,333 -	Increase in permanently restricted nets assets	12,826		+	12,826	949		ş	949
6,167,427 92,333 - 6,259,760 3,241,920 153,450 - S 6,322,426 32,158 - 6,354,584 6,167,427 92,333 -	Increase (decrease) in net assets	154,999	(60,175)	į	94,824	2,925,507	(61,117)	1	2,864,390
S 6,322,426 32,158 - 6,354,584 6,167,427 92,333 -	Net assets, beginning of year	6.167.427	92.333	1	6 259 760	3 241 920	153 450	1	3 395 370
5 6,522,420 - 6,5354,584 0,10,427 92,535					20167	107			
	ivet assets, end of year		32,128	1		6,167,427	92,333	1	6,259,760

PREBLE STREET RESOURCE CENTER, INC. AND ITS AFFILIATE Consolidating Statement of Functional Expenses Year ended June 30, 2004 Proble Street Resource Center, Inc.

					Pret	ole Street Resor	Preble Street Resource Center, Inc.						Ston	Stone Soup Foods	6	
				Prí	Program services				Suppo	Supporting services						
		Housing														
		and social	_			Employment	Youth		Management							
	Breakfast		Day	Food	Advocacy	pue	program			:		Total	-	Training		Consolidated
	program	m program	shelter	pantry	project	education	(Feen Center)	Total	general	Fundraising	Fotal	expenses	activities	program	expenses	totals
Salaries	\$ 30,957	57 182,341	134,483	14,893	61,655	93,979	334,205	852,513	142,724	45,004	187,728	1,040,241	111,108	56,941	168,049	1,208,290
Payroll taxes and employee benefits	5,989	89 44,492	28,958	3,771	13,298	29,052	93,803	219,363	50,192	13,343	63,535	282,898	24,732	12,674	37,406	320,304
Outside services		5,000	,	ŧ	ı	4	42,850	47,850	,	•	1	47,850	ī	τ	E	47,850
Donated services	28,017	17 36,000	4,420	16,139	•	•	27,589	112,165	•	•	1	112,165	ı	,	,	112,165
Food	49,326	- 92	•	5,604	•		,	54,930		•	1	54,930	117,248	•	117,248	172,178
Donated goods	99,279	- 62	183,086	121,500	•	•	,	403,865	,	,	,	403,865		,		403,865
Food commodities	22,088	. 88	ŧ	21,455	ŧ	ŧ	•	43,543	ì	,	,	43,543		,		43,543
Fundraising - operating		,	•	•		•	•		,	5,647	5,647	5,647		ı		5,647
Fundraising - capital campaign		•	•	•		•		,		16,087	16,087	16,087	,	1		16,087
Occupancy	45,322	(4	48,539	16,104	12,922	16,104	106,897	275,583	3,228	14,253	17,481	293,064	52,023	23,851	75,874	368,938
Telephone	1,272	72 2,579	2,501	460	820	1,321	7,600	16,553	1,686	599	2,285	18,838	947	478	1,425	20,263
Program supplies		- 154	\$05	1	ı	•	28,087	28,746	•	t	E	28,746	911	2,904	3,815	32,561
Office supplies	~1	586 1,187	7 1,152	211	377	809	2,611	6,732	<i>71</i> 6	276	1,052	7,784	630	323	953	8,737
Bad debt expense		,	1	,	,	,	•	•	25,124	•	25,124	25,124	ı	,	1	25,124
Printing	4)	512 1,038	1,007	185	330	532	2,614	6,218	629	241	920	7,138	1,239	635	1,874	9,012
Insurance	, -	772 1,564	1,517	279	497	801	3,440	8,870	5,521	363	5,884	14,754	2,918	1,496	4,414	19,168
Professional fees	٠,	936 1,897	7 1,840	338	603	972	4,173	10,759	1,240	441	1,681	12,440	1,510		1,510	13,950
Postage	4)	512 1,038	1,007	185	330	532	2,284	5,888	629	241	920	808'9	1	•	ı	6,808
Staff development	4	418 849	9 1,282	152	366	519	2,665	6,251	554	197	751	7,002	•		1	7,002
Travel	3,288	88 991	1,241	2,975	715	208	2,460	12,178	648	230	878	13,056	147	79	226	13,282
Jesuit and VISTA volunteers		- (2,219)	9) 7,754	11,877	•	•	7,433	24,845		•	1	24,845	•		,	24,845
Contributions and donations			ŧ	*	f	f	,	1	23,075	,	23,075	23,075	•	1		23,075
Management contract expense		1	•	•	į	į	Ī	1	•	1	+	ı	15,256	7,819	23,075	23,075
Volunteer support		63 63		63			63	252	ı		1	252	•	t	t	252
Training/advocacy stipend		,	1	•	11,165	1	13,570	24,735		•	ı	24,735	ŧ	11,990	11,990	36,725
Other	1,(1,009 2,491	2,252	388	1,239	1,361	5,421	14,161	33,136	588	33,724	47,885	3,523	725	4,248	52,133
Total expenses	290,346	46 309,160	421,544	216,579	104,317	146,289	687,765	2,176,000	289,262	97,510	386,772	2,562,772	332,192	119,915	452,107	3,014,879
Less intercompany eliminations			'	'	1	1	•	-	(23,075)	,	(23,075)	(23,075)	(15,256)	(7,819)	(23,075)	(46,150)
Total expenses	\$ 290,346	46 309,160	0 421,544	216,579	104,317	146,289	687,765	2,176,000	266,187	97,510	363,697	2,539,697	316,936	112,096	429,032	2,968,729
											Tha	The second secon	bear and care note	to such mond of	dione Guerra	of or or or or or or

The accompanying notes are an integral part of these financial statements.

PREBLE STREET RESOURCE CENTER, INC. AND ITS AFFILIATE Consolidating Statement of Functional Expenses Year ended June 30, 2003 Preble Street Resource Center, Inc.

	*********						Preble Street	Preble Street Resource Center, Inc.	Inc.					Ston	Stone Soup Foods	D)	
	*********				Prog	Program services				Supp	Supporting services						
			Housing														
			and social			•	Employment	Youth		Management							
	Ω.	Breakfast	services	Day	Food	Advocacy	and	program		and			Total	Retail	Training	Fotal C	Consolidated
and an indicate the state of th		program	program	shelter	pantry	project	education	(Teen Center)	Total	general	Fundraising	Total	expenses	activities	program	expenses	totals
Salaries	€4	37,210	164,554	129,122	11,165	55,464	100,436	352,796	850,747	95,534	90,526	186,060	1,036,807	006'16	37,996	129,896	1,166,703
Payroll taxes and employee benefits		9,829	43,466	34,106	2,949	14,650	26,529	93,189	224,718	25,794	19,819	45,613	270,331	22,106	9,179	31,285	301,616
Outside services		118	521	409	35	176	16,362	28,274	45,895	270	99	330	46,225	. '	, '	. 1	46,225
Donated services		28,017	31,401	15,432	32,871	ı	1	1	107,721	*	1	•	107,721			1	107,721
Food		35,689	ŧ	,	5,238	1	7	,	40,927	i	,	•	40,927	104,832	1	104,832	145,759
Donated goods		78,424	247	135,349	81,507	1	•	,	295,527	•	;	,	295,527	,	375	375	295,902
Food commodities		44,112		ŧ	26,231	1		•	70,343	1	•	1	70,343	•	1	ı	70,343
Fundraising - operating		ı		,	•	1	,	•	•	ŀ	3,795	3,795	3,795	•	,	1	3,795
Fundraising - capital campaign		,		•	•	1	•	,	•	•	251,402	251,402	251,402	f		,	251,402
Occupancy		17,009	12,756	17,009	2,126	4,252	7,654	38,756	99,562	26,162	1,701	27,863	127,425	53,279	19,650	72,929	200,354
Telephone		1,426	1,376	1,578	213	439	783	8,608	14,423	. 1,003	192	1,195	15,618	1,268	603	1,871	17,489
Program supplies			1,254	612	ı	1	20	55,281	57,167	,	•	ŧ	57,167	923	4,092	5,015	62,182
Security deposit assistance		ŧ	3,581	•	•	ł	i	•	3,581	1	,	•	3,581			ī	3,581
Office supplies		982	947	1,086	146	302	539	2,944	6,946	069	132	822	7,768	367	152	519	8,287
Bad debt expense			1	·		•	*	2,949	2,949	i	,	•	2,949	τ		•	2,949
Printing		396	382	438	59	122	217	671	2,285	278	53	331	2,616	799	330	1,129	3,745
Insurance		675	652	747	101	208	371	1,045	3,799	475	16	995	4,365	2,466	1,644	4,110	8,475
Professional fees		1,876	1,810	2,075	280	578	1,029	2,902	10,550	1,319	252	1,571	12,121	9,100	1,576	10,676	22,797
Postage		844	814	934	126	260	463	1,306	4,747	594	113	707	5,454			,	5,454
Staff development		999	701	1,264	66	1,600	451	6,483	11,264	468	68	557	11,821			ŀ	11,821
Travel		372	329	412	29	577	306	724	2,809	262	50	312	3,121	63	118	181	3,302
Jesuit and VISTA volunteers			6,109	10,250	9,156		•		25,515	•			25,515	,		•	25,515
Contributions and donations			•	1		ı	1	•		13,620	٠	13,620	13,620	ı			13,620
Management contract expense			•	,		ı	•				,	•	•	9,636	3,984	13,620	13,620
Volunteer support		530	511	586	79	163	291	820	2,980	372	71	443	3,423	•	t	,	3,423
Training/advocacy stipend		•	i	•	ſ	12,565	•	•	12,565	•		,	12,565	1	14,310	14,310	26,875
Other		4,181	4,034	4,625	623	1,759	2,324	8,405	25,951	39,799	561	40,360	66,311	7,364	2,868	10,232	76,543
Total expenses		262,356	275,475	356,034	173,063	93,115	157,775	605,153	1,922,971	206,640	368,907	575,547	2,498,518	304,103	96,877	400,980	2,899,498
Less intercompany climinations			-		3	,	•	-	*	(13,620)	•	(13,620)	(13,620)	(9,636)	(3,984)	(13,620)	(27,240)
Net expenses	69	262,356	275,475	356,034	173,063	93,115	157,775	605,153	1,922,971	193,020	368,907	561.927	2,484,898	294,467	92,893	387.360	2.872.258
				ı							4	- 1				22.00	Total Code

The accompanying notes are an integral part of these financial statements.

PREBLE STREET RESOURCE CENTER, INC. AND ITS AFFILIATE

Consolidating Statements of Cash Flows Years ended June 30, 2004 and 2003

		20	2004			2	2003	
	Preble Street		***************************************		Preble Street			
	Resource	Stone Soup		Consolidated	Resource	Stone Soup		Consolidated
	Center, Inc.	Foods	Eliminations	totals	Center, Inc.	Foods	Eliminations	totals
Cash flows from operating activities:								
Increase (decrease) in net assets	154,999	(60,175)		94.824	2.925,507	(61.117)	1	2.864.390
se (decrease) in net assets		`						
to net cash provided by operating activities:								
Depreciation and amortization	197,569	30,115		227,684	38,028	36,454	1	74.482
Unrealized (gain) loss on investments	(2,263)		•	(2,263)	357		1	357
Loss on sale of assets	•	•	,		ı	2.117	1	2.117
(Increase) decrease in assets:								Î
Accounts receivable	76,018	•		76.018	(63,427)	•	,	(63.427)
Capital pledges receivable	1,086,791	•	•	1.086.791	(788,592)	1	,	(788.592)
Loan receivable	(7 161)		7 161		(6.788)	ı	882 9	(months)
Grants receivable	(21,039)	•		(01016)	(0,165)	13.817	90 /50	61 077
Drawid Arranga	(10,504)		•	(10,550)	C02,1+	210,01	1	//0,10
richaid expenses	(10,504)		•	(10,050)	7/9	900,1	•	7,241
Inventory	(14,020)	(07/)	•	(14,746)	7/2/7	3/6	F	2,948
Other assets	(98)		,	(98)	(55)	1	•	(55)
Increase (decrease) in liabilities:								
Accounts payable	(336,719)	(4,478)	1	(341,197)	326,516	4,870	1	331,386
Accrued expenses	(4,988)		,	(2,870)	202	1,620	1	1,822
Loans payable			(7.161)	(2,160)	•	213	(8 788)	(7.5.9)
Deferred revenue	94,277	25,000	•	119.277	(40.263)	1	(2)	(40.263)
Net cash provided by (used in) operating activities	1,212,874	(3.291)	,	1,209,583	2.441.994	(98)		2 441 908
Cash flows from investing activities:	The same of the sa							
Therease in beneficial interest in nemetral trust	(908 (1)			(300 01)	(040)			(040)
Anarcase in continual interest in perpetual intot. Paintaetment of dividands	(118)	•	ı	(12,020)	(349)	1	•	(949)
	(orr)			(118)	(100)	1		(100)
Purchase of property and equipment	(1,614,282)	(283)	•	(1,614,565)	(2,192,100)	(1,779)	ı	(2,193,879)
Proceeds from sale of assets	1	ŀ	,	Ł	-	11,500	r	11,500
Net cash provided by (used in) investing activities	(1,627,226)	(283)	•	(1,627,509)	(2,193,155)	9,721		(2,183,434)
Cash flows from financing activities:								
Proceeds from long-term debt	298,898	1	•	298,898	269,912	1	1	269,912
Repayment of long-term debt	(133,333)	(787)	•	(134,120)	(233,262)	(717)	1	(233,979)
Net cash provided by (used in) financing activities	165,565	(787)	4	164,778	36,650	(717)	В	35,933
Net increase (decrease) in cash	(248,787)	(4,361)		(253,148)	285,489	8,918	•	294,407
Cash, beginning of year	391,006	16.447	,	407.453	105.517	7 529	,	113 046
rp -tywyddaniiiinddw,	, , ,	, ,						
Cash, end of year	142,219	12,086	1	154,305	391,006	16,447	-	407,453
Supplemental cash flow disclosures: Cash paid for interest	31,414	13,411		44.875	74.667	13 681	,	872 88
				TT.		Topicy	0 10	DI-CAOC

25. 24,667 13,681 - 38,348
 The accompanying notes are an integral part of these financial statements.

DESCRIPTION OF PURPOSE

Preble Street Resource Center, Inc., (PSRC) is a nonprofit corporation whose mission is to provide accessible, barrier free services to empower people experiencing problems with homelessness, housing, hunger, and poverty, and to advocate for solutions to these problems. Its affiliate, Stone Soup Foods (SSF), is a commonly controlled corporation organized in February 1998 as a nonprofit corporation under the laws of the State of Maine for the purpose of providing employment training to economically disadvantaged individuals.

Breakfast Program - PSRC's breakfast program provides breakfast to homeless and low-income individuals and families living in the Greater Portland, Maine area. The program relies significantly upon volunteer labor. In addition, donated goods are a major source of the breakfast program's provisions.

Housing and Social Services Program - PSRC's housing program provides free housing referral service to homeless and low-income citizens. Additionally, as a social service, PSRC provides referrals to substance abuse and mental health treatment centers to individuals who seek this service.

Day Shelter - PSRC's day shelter provides a safe, warm environment for case managers to offer support to homeless and low-income citizens. The day shelter offers free telephones, voice mail, storage space, toilet facilities, showers, and other services.

Food Pantry - PSRC's food pantry, run exclusively by volunteers, facilitates the collection and distribution of donated food for low income and homeless citizens.

Advocacy Project - PSRC's consumer advocacy project is run by consumers and provides advocacy on an individual and systems' basis for people who are experiencing homelessness, mental health issues, and poverty.

Employment and Education - PSRC's employment program works with homeless people in accessing job training programs and in securing employment.

Youth Program (Teen Center) - PSRC operates a drop-in center on Chestnut Street with a wide range of services for homeless and runaway youth, including lunch and dinner, outreach, employment, and casework services. In January 2002, PSRC acquired a building at 343 Cumberland Avenue, which is now the new home of the Teen Center.

Retail Activities / Training program - Stone Soup Foods provides training and employment opportunities to disadvantaged people through its retail activities. These activities include the preparation and sale of various menu items including baked goods, omelets, soups, salads, sandwiches, and a variety of other specialties.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - PSRC and SSF have adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made and SFAS No. 117, Financial Statements of Not-for-Profit Organizations. Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of PSRC and SSF, and changes therein, are classified and reported as follows:

<u>Unrestricted net assets</u> - Funds that are not subject to donor imposed stipulations.

<u>Temporarily restricted net assets</u> - Funds subject to donor imposed stipulations that may or will be met either by actions of PSRC and/or the passage of time. PSRC and SSF have elected to report all temporarily restricted assets received and expended within the same fiscal period as unrestricted net assets.

<u>Permanently restricted net assets</u> - Net assets subject to donor imposed stipulations that the principal be maintained permanently by PSRC. Generally, the donors of the assets permit PSRC to use all or part of the income earned on related investments for general or specific purposes.

Revenue Recognition - All public support and revenue is considered to be available for unrestricted use unless specifically restricted by the donor. At its discretion, the Board of Directors may designate funds for specific purposes. Such Board-designated funds are segregated in the current unrestricted fund balance.

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Principles of Consolidation - The consolidating financial statements include the accounts of Preble Street Resource Center, Inc. and Stone Soup Foods. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Investments - For the purposes of the statements of cash flows, PSRC and SSF consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash. Investments are stated at their fair market value in accordance with Statement for Financial Accounting Standards No. 124 "Accounting for Investments of Non-profit Organizations".

Accounts and Grants Receivable - PSRC and SSF primarily operate in the Portland, Maine area and receive various governmental grants and contracts to provide services in this area. All amounts receivable are considered fully collectible, therefore an allowance for doubtful accounts is not deemed to be necessary.

Inventory - Inventory consists of donated and purchased food, beverages, and supplies and is stated at fair market value as of the date of donation, using the first-in-first-out method. For purchased goods, inventory is stated at lower of cost or market.

Property and Equipment - Property and equipment is capitalized at cost if purchased, or fair market value at the date of the gift if donated and recorded as an addition to unrestricted net assets. Expenditures for minor additions are charged to expense when incurred. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related assets (buildings: 35 to 40 years; major improvements: 20 to 35 years; vehicles: 5 years; computers: 3 to 5 years; and other equipment: 5 to 10 years).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Indirect Costs - PSRC and SSF allocate administrative costs to programs in accordance with a cost allocation plan, which is based on several methods that determine each program's use of indirect costs.

Grants and Contributions - Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Tax Status - PSRC and SSF are tax-exempt organizations under Internal Revenue Code Section 501(c)(3) and are not subject to income taxes. In addition, PSRC and SSF have been determined by the Internal Revenue Service not to be private foundations within the meaning of Section 509(a) of the Code.

Reclassifications - Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentation. Such reclassifications had no effect on the results of operations as previously reported.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Cash balances were held in various accounts at two Maine financial institutions at June 30, 2004 and 2003. These accounts are all considered cash and cash equivalents for determining the change in cash on the accompanying consolidating statements of cash flows. At each institution, the aggregate of all accounts for each depositor is insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2004 and 2003, PSRC's uninsured cash balances totaled \$103,918 and \$236,651, respectively. Due to the timing of capital campaign receipts, the large amount of uninsured cash on hand at June 30, 2003 primarily relates to a capital campaign construction invoice worth approximately \$189,000 which was included in accounts payable at June 30, 2003 and paid early in the subsequent fiscal year. SSF did not have any uninsured cash balances on either June 30, 2004 or 2003.

CAPITAL PLEDGES RECEIVABLE

During 2002, PSRC started a capital campaign, with the help of an outside consultant, to raise funds to cover the cost of purchasing a new building located at 343 Cumberland Avenue, the costs associated with renovating PSRC's existing building on Oxford Street, and to set up an investment fund in which principal contributed will be restricted by the Board of Directors and investment earnings will be used for operating expenditures. The objective of this campaign is to strengthen PSRC's present and future capacity. The new building was purchased in January 2002. It houses the Teen Center, administrative offices, and the City of Portland Homeless Health Clinic. As of the date of this report, a board designated fund had not yet been established.

Capital pledges receivable, net of unamortized discount and allowance for uncollectible pledges, are summarized as follows at June 30:

	<u>2004</u>	<u>2003</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 722,769	1,153,251
One year to five years	1,058,196	1,754,235
Over five years	5,277	11,278
Less allowance for uncollectible pledges	(75,000)	-
Less unamortized discount	(61,313)	(182,044)
Totals	\$ 1 640 9 2 0	2 736 720

For the year ended June 30, 2003, all balances were deemed collectible and no allowance for doubtful accounts was established.

GRANTS RECEIVABLE

Following is a summary of grants receivable at June 30:

	<u>2004</u>	<u>2003</u>
Ingraham - Mainestay	\$ 30,186	33,036
DHS	64,714	18,513
DMH/DHS Pilot	89,653	19,773
City of Portland Community Development Program	18,998	18,998
City of Portland Community Development Program - Teen Center	5,032	5,000
City of Portland Community Development Program - TRC	-	9,750
HUD Supportive Housing Grant	39,839	68,611
Southern Maine Area Agency on Aging	3,133	2,191
U.S. Department of Health and Human Services	12,606	64,494
Other grants and foundations	m-	2,756
Total grants receivable	\$ 264,161	243,122

LONG-TERM DEBT		·····
At June 30, PSRC was liable for the following long-term debt:		
	2004	2002
Note payable to a corporation, with monthly payments of interest only	<u>2004</u>	2003
at 6.0%, through December 31, 2004, with principal payments	,	
in the amount of \$133,333 due on December 31, 2004,		
secured by land and a building.	\$ 133,334	266,667
Note payable to a bank, with monthly payments of interest only	Ψ 100,00 ·	200,001
at LIBOR plus 2%, and principal payments in the amount of \$50,0	00	
due on January 1, 2004 and April 1, 2004 and then in the amount		
of \$75,000 due on July 1, 2004 and the first day of each consecutive	ve .	
quarter thereafter until the maturity date of December 31, 2005,		
secured by various assets of PSRC.	568,810	269,912
Total long-term debt	702,144	536,579
· ·		
Less current portion	433,334	233,333
Long-term debt, net of current portion	\$ 268,810	303,246
Long term debt net of entreme portion	<u> </u>	
at June 30, SSF was liable for the following long-term debt:		
	2004	2003
Loan payable to an individual, in monthly installments of \$816	=	
including interest at 9.5%, through October 2009 secured by		
land and a building.	\$ 94,298	95,085
Note payable to an individual, with monthly payments of interest only	•	
at a rate of 12%, due on demand.	20,000	20,000
Total long-term debt	114,298	115,085
Less current portion	20,867	20,788
		-
Long-term debt, net of current portion	\$ 93,431	94,297
Future principal payments of long-term debt for PSRC as of June 30, 2004	are as follows:	
2005 (current portion) \$ 43	3,334	
(58,810	
	·	
Total long-term debt \$ 70	<u>12,144</u>	

Future principal payments of long-term debt for SSF as of June 30, 2004 are as follows:

2005 (current portion)	\$ 20,867
2006	953
2007	1,047
2008	1,151
2009	1,265
Thereafter	89,015

Total long	-term debt	\$ 114.2	98

DEFERRED REVENUE

Deferred revenue represents grant funds received and available to fulfill PSRC's obligations in connection with the following as of June 30:

Totals	\$ 111,435	17,158
Other	4,167	7,045
MCAP	7,500	6,500
MEHAF	99,768	-
State of Maine, DBDS	\$ -	3,613
	<u>2004</u>	<u>2003</u>

RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES

Temporarily restricted net assets consisted of the following at June 30:

	<u>2004</u>	<u>2003</u>
Capital campaign	\$ 1,128,774	2,286,631
Total temporarily restricted net assets	\$ 1,128,774	2,286,631

2004

2002

Permanently restricted net assets consisted of the following at June 30:

	<u>2004</u>	2003
Beneficial interest in perpetual trust with income	ው ፋብ <i>ድ</i> ፋቸም	102.240
restricted for self sufficiency efforts	<u>\$ 116,175</u>	103,349

NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows:

Totals	\$ 1,753,701	2,701,415
Capital campaign expenses	1,753,701	2,676,415
Private foundation grant	\$ -	25,000
	<u>2004</u>	<u>2003</u>

DONATED SERVICES AND FACILITIES

During the years ended June 30, 2004 and 2003, certain goods and professional services were donated to PSRC and to SSF. The estimated fair values of these goods and the estimated fair values of these professional services totaling \$516,029 and \$473,965 for 2004 and 2003, respectively, have been reflected in the accompanying financial statements as public support with a like amount included in donated services and facilities expenses.

The value of nonprofessional, donated services is not reflected in the accompanying financial statements as these services do not meet the criteria outlined in Statement of Financial Accounting Standards No. 116 Accounting for Contributions Received and Contributions Made. However, a substantial number of nonprofessional volunteers have donated significant amounts of their time in support of PSRC's programs. The estimated fair value of the nonprofessional donated services was \$116,455 in 2004 and \$162,076 in 2003.

CONTINGENCIES

PSRC and SSF participate in various intergovernmental grant programs that may be subject to future program compliance audits by the grantors or their representatives. Accordingly, PSRC and SSF's compliance with applicable grant requirements may be established at some future date. The amount, if any, of liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

RELATED PARTY TRANSACTIONS

PSRC paid a Board member of PSRC \$33,690 and \$87,829 in architectural fees for the years ended June 30, 2004 and 2003, respectively, for design work related to the new 343 Cumberland Avenue building and the renovation of the building at 252 Oxford Street. The amount of fees charged to PSRC by the Board member is at or below the fair value of the services provided. The Board member was absent when the Board of Directors voted to hire him. In addition to the fees paid during the years ended 2004 and 2003, PSRC had an accounts payable balance to the Board member at June 30, 2003 in the amount of \$57,662.

PENSION PLAN

PSRC participates in a tax deferred investment plan under section 403(b) of the Internal Revenue Code. Eligible employees are able to defer salary and participate in the employer match portion of the plan. Total retirement expense under this plan for the years ended June 30, 2004 and 2003 was \$3,415 and \$4,102, respectively.

OCCUPANCY COSTS

In February 1994, PSRC purchased property located on Oxford Street. In January 2002, PSRC purchased another property at 343 Cumberland Avenue. PSRC renovated both of these properties in fiscal 2003. During the renovation period, many of PSRC's programs were temporarily located at the Chestnut Street Church and the Oxford Street Shelter.

All renovations were completed by November 2003 and these facilities now house PSRC's programs as well as various other social welfare programs provided by other nonprofit and governmental agencies. These agencies are tenants-at-will and pay monthly stipends to help support the costs of occupying the facilities. During the years ended June 30, 2004 and 2003 these stipends totaled \$54,600 and \$33,600, respectively.

Net occupancy related costs for the years ended June 30 are as follows:

	2004	2003
Rent and costs of temporary Chestnut Street occupancy	\$ 11,787	26,000
Costs of temporary Oxford Street Shelter occupancy	5,262	-
Carrying costs	5,849	16,808
Depreciation	197,569	38,028
Interest expense	-	3,892
Repairs and maintenance	9,533	11,538
Janitorial service	20,470	-
Property insurance	6,091	3,500
Electricity	31,223	16,697
Water and sewer	7,747	10,444
Gas/heat	31,655	12,870
Trash and snow removal	8,932	6,791
Building supplies	11,546	12,474
Other expense	-	1,983
Less rent income	(54,600)	(33,600)
Total occupancy costs	\$ 293,064	127,425

OCCUPANCY COSTS, CONTINUED

In July, 2001, SSF purchased property in Portland, Maine to house its Café. In addition, SSF operates a retail outlet at the Portland Public Market. Occupancy related costs for the years ended June 30, 2004 and 2003 are as follows:

Total occupancy costs	\$ 75,874	72,929
Trash removal	1,784	1,808
Water and sewer	974	361
Gas	5,969	4,058
Electricity	12,680	11,527
Repairs and maintenance	3,441	5,299
Interest expense	13,411	13,681
Depreciation and amortization	30,115	29,295
Rent	\$ 7,500	6,900
	<u>2004</u>	<u>2003</u>

SUBSEQUENT EVENT

On July 1, 2004, PSRC and SSF merged to form a new, single Maine nonprofit, public benefit corporation known as Preble Street.

BENEFICIAL INTEREST IN PERPETUAL TRUST

Preble Street Resource Center received a donation in 1997 from a donor who wished to establish an endowment fund for PSRC to assist low income individuals achieve employment and self sufficiency. This fund was established through an agreement with the United Way Foundation of Greater Portland. It is known as the Preble Street Resource Center Self Sufficiency Endowment Fund.

The United Way Foundation manages and oversees the investment of the assets of the fund. The PSRC Board of Directors has sole discretion as to the use of the distributable income each year. Each year, the distributable income is equal to 4.5% of the average portfolio value of the Fund over the prior 3 years. If the fund's value exceeds \$100,000, the PSRC Board of Directors may elect to expend more than the income generated in a specific years, provided the balance of the fund does not fall below the \$100,000 level as a result of the withdrawals.

As of June 30, 2004 and 2003, the balances in this account were \$116,175 and \$103,349, respectively.