

**MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3

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**MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3**

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Independent Auditors' Report

Board of Directors
Mobile Loaves & Fishes, Inc.,
Mobile Loaves & Fishes Support Corporation, and
Mobile Loaves & Fishes Support Corporation 3

Opinion

We have audited the consolidated financial statements of Mobile Loaves & Fishes, Inc., Mobile Loaves & Fishes Support Corporation, and Mobile Loaves & Fishes Support Corporation 3 (collectively "MLF"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MLF as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of MLF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MLF's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MLFs internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MLFs ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities as of and for the year ended December 31, 2024, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025, on our consideration of MLF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MLF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MLF's internal control over financial reporting and compliance.



Austin, Texas

May 27, 2025

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	ASSETS	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 365,134	\$ 7,953,032
Current pledges receivable with donor restrictions	884,000	625,000
Accrued interest receivable	544,946	487,297
Other receivables	3,941,373	781,250
Investments	13,404,926	8,823,750
Inventory	71,253	60,588
Notes receivable - neighbors - current	250	383
Prepaid expense	<u>468,708</u>	<u>213,059</u>
Total current assets	<u>19,680,590</u>	<u>18,944,359</u>
Cash and cash equivalents with donor restrictions		
for the purpose of property and equipment	12,450,923	286,423
Investments with donor restrictions		
for the purchase of property and equipment	39,985,384	46,743,756
Pledges receivable with donor restrictions		
for the purchase of property and equipment, net	13,653,078	14,691,209
Noncurrent pledges receivable with donor restrictions	588,300	500,000
Construction-in-progress with donor restrictions	41,395,464	12,153,696
Notes receivable - NMTC - noncurrent	23,901,860	12,873,360
Property and equipment, net	86,804,235	84,262,932
Operating right-of-use assets	<u>24,079</u>	<u>54,702</u>
Total assets	<u><u>\$ 238,483,913</u></u>	<u><u>\$ 190,510,437</u></u>
	LIABILITIES AND NET ASSETS	
Current liabilities		
Accounts payable	\$ 5,027,854	\$ 772,165
Accrued payroll expense	527,926	379,885
Other current liabilities	182,050	50,347
Deferred rental income	48,689	51,255
Operating lease liability - short term	21,756	31,158
Security deposit liabilities	<u>166,041</u>	<u>151,364</u>
Total current liabilities	<u>5,974,316</u>	<u>1,436,174</u>
Notes payable - noncurrent portion, net of		
unamortized debt issuance costs	40,034,986	17,103,429
Operating lease liability - long term	<u>2,624</u>	<u>23,544</u>
Total liabilities	<u>46,011,926</u>	<u>18,563,147</u>
Net assets		
Without donor restrictions	102,904,437	99,611,640
With donor restrictions	<u>89,567,550</u>	<u>72,335,650</u>
Total net assets	<u>192,471,987</u>	<u>171,947,290</u>
Total liabilities and net assets	<u><u>\$ 238,483,913</u></u>	<u><u>\$ 190,510,437</u></u>

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

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidated Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
Contributions	\$ 9,054,337	\$ 25,878,423	\$ 34,932,760
Contributed non-financial assets	35,585	-	35,585
Total public support	<u>9,089,922</u>	<u>25,878,423</u>	<u>34,968,345</u>
Rent income	2,097,590	-	2,097,590
Special events:			
Special events income	871,155	-	871,155
Special events expense	(182,353)	-	(182,353)
Special events, net	<u>688,802</u>	<u>-</u>	<u>688,802</u>
Micro-enterprise:			
Micro-enterprise income	157,256	-	157,256
Micro-enterprise expense	(118,141)	-	(118,141)
Micro-enterprise, net	<u>39,115</u>	<u>-</u>	<u>39,115</u>
Other program income:			
Other program income	633,429	-	633,429
Other program expense	(269,086)	-	(269,086)
Other program income, net	<u>364,343</u>	<u>-</u>	<u>364,343</u>
Other income (loss):			
Interest income	2,821,212	-	2,821,212
Other income	324,373	-	324,373
Total other income (loss)	<u>3,145,585</u>	<u>-</u>	<u>3,145,585</u>
Net assets released from donor restrictions	8,646,523	(8,646,523)	-
Total support, income, and reclassifications	<u>24,071,880</u>	<u>17,231,900</u>	<u>41,303,780</u>
Expenses:			
Program services	17,002,225	-	17,002,225
Fundraising	2,001,477	-	2,001,477
Management and general	1,775,381	-	1,775,381
Total expenses	<u>20,779,083</u>	<u>-</u>	<u>20,779,083</u>
Total change in net assets	3,292,797	17,231,900	20,524,697
Net assets:			
Beginning of the year	99,611,640	72,335,650	171,947,290
Net assets, end of the year	<u>\$ 102,904,437</u>	<u>\$ 89,567,550</u>	<u>\$ 192,471,987</u>

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

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidated Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
Contributions	\$ 8,906,507	\$ 21,526,988	\$ 30,433,495
Contributed non-financial assets	279,395	-	279,395
Total public support	<u>9,185,902</u>	<u>21,526,988</u>	<u>30,712,890</u>
Rent income	1,911,084	-	1,911,084
Special events:			
Special events income	754,824	-	754,824
Special events expense	(210,863)	-	(210,863)
Special events, net	<u>543,961</u>	<u>-</u>	<u>543,961</u>
Micro-enterprise:			
Micro-enterprise income	175,696	-	175,696
Micro-enterprise expense	(178,734)	-	(178,734)
Micro-enterprise, net	<u>(3,038)</u>	<u>-</u>	<u>(3,038)</u>
Other program income:			
Other program income	645,891	-	645,891
Other program expense	(259,350)	-	(259,350)
Other program income, net	<u>386,541</u>	<u>-</u>	<u>386,541</u>
Other income (loss):			
Interest income	2,480,364	-	2,480,364
Other income	1,344,825	-	1,344,825
Total other income (loss)	<u>3,825,189</u>	<u>-</u>	<u>3,825,189</u>
Net assets released from donor restrictions	5,535,332	(5,535,332)	-
Total support, income, and reclassifications	<u>21,384,971</u>	<u>15,991,656</u>	<u>37,376,627</u>
Expenses:			
Program services	15,610,008	-	15,610,008
Fundraising	1,739,513	-	1,739,513
Management and general	1,378,211	-	1,378,211
Total expenses	<u>18,727,732</u>	<u>-</u>	<u>18,727,732</u>
Total change in net assets	2,657,239	15,991,656	18,648,895
Net assets:			
Beginning of the year	96,954,401	56,343,994	153,298,395
Net assets, end of the year	<u>\$ 99,611,640</u>	<u>\$ 72,335,650</u>	<u>\$ 171,947,290</u>

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

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Truck	Community & Outreach	Community First! Village	Community Works	Total Program Services	Fundraising	Management and General	Total
Automobile expense	\$ 14,353	\$ 54,580	\$ 237	\$ 69,170	\$ 3,896	\$ 3,897	\$ 76,963	
Conferences, education, and training	13,795	161,362	36	175,193	27,590	27,589	230,372	
Contract labor	161,188	338,255	18,826	518,269	-	-	518,269	
Credit card and other service expense	138,107	50,258	15,778	204,143	-	-	204,143	
Facility expense	33,221	2,293,810	13,036	2,340,067	91,064	90,646	2,521,777	
Food	328,369	142,640	6,309	477,318	20,707	20,708	518,733	
Insurance expense	149,943	33,966	-	183,909	8,296	8,295	200,500	
Interest expense	7,412	363,181	-	370,593	-	-	370,593	
IT expenses	351,738	113,582	9,289	474,609	94,381	93,949	662,939	
Marketing expense	70	50,363	793	51,226	86,959	-	138,185	
Membership and subscription	1,355	11,664	-	13,019	2,854	7,612	23,485	
Miscellaneous expense	18,429	82,454	433	101,316	3,093	3,080	107,489	
Payroll and benefits expenses	1,342,038	5,360,480	447,760	7,150,278	1,421,903	1,415,389	9,987,570	
Printing and office supply expense	34,454	28,712	8,613	71,779	160,306	7,178	239,263	
Professional services expense	188,463	478,191	4,050	670,704	39,099	57,925	767,728	
Program supply expense	21,511	326,831	25,531	373,873	647	645	375,165	
Rent expense	24,075	109,673	-	133,748	5,753	4,314	143,815	
Residents home expense	-	616,140	2,520	618,660	-	-	618,660	
Total expenses before depreciation and operating lease eliminations	2,828,521	10,616,142	553,211	13,997,874	1,966,548	1,741,227	17,705,649	
Depreciation expense	-	3,004,351	-	3,004,351	34,929	34,154	3,073,434	
Total expenses	\$ 2,828,521	\$ 13,620,493	\$ 553,211	\$ 17,002,225	\$ 2,001,477	\$ 1,775,381	\$ 20,779,083	
Percentage of total expenses	13%	66%	3%	82%	10%	8%	100%	

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

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

Truck	Community & Outreach	Community First! Village	Community Works	Total Program Services	Fundraising	Management and General	Total
Automobile expense	\$ 13,080	\$ 48,194	\$ 653	\$ 61,927	\$ 5,060	\$ 5,060	\$ 72,047
Conferences, education, and training	11,418	171,312	1,269	183,999	22,835	22,835	229,669
Contract labor	172,953	349,543	59,950	582,446	-	-	582,446
Credit card and other service expense	138,812	82,619	17,015	238,446	-	-	238,446
Facility expense	46,382	2,634,062	29,199	2,709,643	80,957	74,170	2,864,770
Food	300,952	121,298	6,905	429,155	19,446	19,446	468,047
Insurance expense	136,678	23,936	-	160,614	6,520	6,520	173,654
Interest expense	20,173	222,284	-	242,457	-	-	242,457
IT expenses	318,616	72,791	12,361	403,768	80,020	73,312	557,100
Marketing expense	-	35,037	1,836	36,873	94,669	-	131,542
Membership and subscription	560	7,186	199	7,945	1,817	8,306	18,068
Miscellaneous expense	70,541	24,325	1,216	96,082	13,379	12,162	121,623
Payroll and benefits expenses	1,169,774	4,327,506	265,864	5,763,144	1,142,163	1,046,410	7,951,717
Printing and office supply expense	48,942	27,869	12,452	89,263	175,074	8,316	272,653
Professional services expense	319,072	287,194	1,500	607,766	65,019	68,568	741,353
Program supply expense	13,406	295,268	28,978	337,652	555	509	338,716
Rent expense	33,527	81,237	1,290	116,054	6,447	6,448	128,949
Residents home expense	-	762,233	4,417	766,650	-	-	766,650
Total expenses before depreciation and operating lease eliminations	2,814,886	9,573,894	445,104	12,833,884	1,713,961	1,352,062	15,899,907
Depreciation expense	2,746	2,773,378	-	2,776,124	25,552	26,149	2,827,825
Total expenses	\$ 2,817,632	\$ 12,347,272	\$ 445,104	\$ 15,610,008	\$ 1,739,513	\$ 1,378,211	\$ 18,727,732
Percentage of total expenses	15%	66%	2%	83%	9%	8%	100%

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

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 20,524,697	\$ 18,648,895
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	3,073,434	2,827,825
Contributions restricted for property and equipment	(23,526,423)	(20,026,988)
Amortization of loan costs	38,694	20,931
Amortization of PV discount	182,068	38,348
Change in allowance for uncollectible receivables	45,942	34,298
Non-cash donations of property and equipment	(24,100)	(250,157)
Amortization of operating right-of-use assets	30,623	18,630
(Gains) losses on sales/disposals of property and equipment, net	209,898	13,065
(Increase) decrease in operating assets:		
Pledge receivable	462,821	(685,964)
Accrued interest receivable	(57,649)	(15,579)
Other receivables	(3,160,123)	(674,524)
Inventory	(10,665)	15,841
Notes receivable - neighbors	133	-
Prepaid expenses	(255,649)	(123,947)
Increase (decrease) in operating liabilities:		
Accounts payable	4,255,689	571,663
Security Deposit	14,677	5,389
Accrued payroll expenses	148,041	132,007
Other current liabilities	131,703	(4,404)
Deferred rental income	(2,566)	22,369
Operating lease liability	(30,322)	(18,630)
Net cash provided by (used in) operating activities	<u>2,050,923</u>	<u>549,068</u>
Cash flows from investing activities:		
Proceeds from sale of investments	2,177,196	(8,511,874)
Purchases of property and equipment	(35,468,991)	(12,600,486)
Proceeds from sale of property and equipment	426,688	23,102
Collections of notes receivable	-	5,817
Issuance of notes receivable	(11,028,500)	-
Net cash used in investing activities	<u>(43,893,607)</u>	<u>(21,083,441)</u>

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

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from financing activities:		
Collections on contributions restricted for property and equipment	\$ 23,526,423	\$ 20,026,988
Proceeds from long-term debt	23,496,827	904,332
Debt issuance cost	<u>(603,964)</u>	-
Net cash provided by financing activities	<u>46,419,286</u>	<u>20,931,320</u>
Change in cash and cash equivalents	4,576,602	396,947
Cash and cash equivalents, beginning of the year	<u>8,239,455</u>	<u>7,842,508</u>
Cash and cash equivalents, end of the year	<u>\$ 12,816,057</u>	<u>\$ 8,239,455</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents without donor restrictions	\$ 365,134	\$ 7,953,032
Cash and cash equivalents with donor restrictions	<u>12,450,923</u>	<u>286,423</u>
Total cash and cash equivalents	<u>\$ 12,816,057</u>	<u>\$ 8,239,455</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 369,723</u>	<u>\$ 242,457</u>

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

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 1 - PURPOSE OF ORGANIZATION

Mobile Loaves & Fishes, Inc. (“MLF, Inc.”) is a Christian outreach ministry that empowers communities into a lifestyle of service with the homeless. The organization has been serving in Central Texas since incorporation in 2000. MLF, Inc.’s mission to provide food and clothing, cultivate community, and promote dignity to our homeless brothers and sisters is accomplished through three core programs: Truck Ministry, Community First! Village, and Community Works.

Truck Ministry - Through the support of thousands of volunteers, MLF, Inc.’s food trucks hit the streets of Austin 7 nights a week, 365 days a year to provide food, clothing, and other life-sustaining items to homeless men and women who are struggling to survive. With more than 6.5 million meals served, MLF, Inc. has grown to become the largest prepared feeding program for the homeless and working poor in Austin, Texas and has spawned similar food truck programs in other cities across the country.

Community First! Village - As a result of the multitude of connections we’ve made with our homeless neighbors, we’ve learned that the single greatest cause of homelessness is a profound, catastrophic loss of family. It’s from this understanding that MLF, Inc.’s vision emerged to build Community First! Village to welcome home our friends who had been pushed to the fringes of society. Often referred to as the most talked about neighborhood in Austin, Community First! Village is a 51-acre master planned development that provides affordable, permanent housing and a supportive community for men and women coming out of chronic homelessness. The development is currently undergoing a significant expansion which will add 127 more acres and room for 1400 more homes designed specifically for men and women who are coming up off the streets.

Community Works - MLF, Inc. developed the Community Works program at Community First! Village to encourage our friends who have experienced homelessness to rediscover their God-given talents through purposeful and dignified work. Additionally, the program empowers MLF volunteers to serve alongside our friends as they develop new skills while cultivating enduring relationships.

More than twenty-five years ago, MLF, Inc.’s founders boldly answered God’s call to “love your neighbor as yourself.” Today we remain steadfast in this desire as we take part in an unprecedented movement and level of collaboration across Austin to ensure our homeless neighbors are not forgotten. Together, we are serving goodness and building hope for our friends who need it most.

Mobile Loaves & Fishes — Serving Goodness.

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 1 - PURPOSE OF ORGANIZATION (CONTINUED)

On August 31, 2020, MLF, Inc. established an entity known as Mobile Loaves & Fishes Support Corporation (“MLF SC”), a Texas nonprofit corporation, as part of a New Market Tax Credits (“NMTC”) transaction for MLF Phase 2 Living Room Building. MLF, Inc. is the sole member of MLF SC, which was organized and will be operated at all times exclusively for the benefit of, to perform the function of, and/or to carry out the purposes of MLF, Inc. See Note 15 for additional information on the NMTC.

On March 8, 2024, MLF, Inc. established an entity known as Mobile Loaves & Fishes Support Corporation 3 (“MLF SC 3”), a Texas nonprofit corporation, as part of a New Market Tax Credits (“NMTC”) transaction for MLF Phase 3 Downtown Building. MLF, Inc. is the sole member of MLF SC 3, which was organized and will be operated at all times exclusively for the benefit of, to perform the function of, and/or to carry out the purposes of MLF, Inc. See Note 15 for additional information on the NMTC.

As a result, MLF, Inc., MLF SC, and MLF SC 3 (collectively “MLF”) have been consolidated within the audited consolidated financial statements as required by accounting principles generally accepted in the United States of America (US GAAP). All significant related organization accounts and transactions have been eliminated in the preparation of these consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of MLF are prepared using the accrual basis of accounting in accordance with US GAAP.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statement presentation follows the recommendations from the Not-for-Profit Entities Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958). Accordingly, net assets of MLF and changes therein are classified and reported as follows:

Net assets without donor restrictions – These types of net assets are not subject to donor-imposed stipulations. This also includes net assets with Board designations for specific purposes, since these Board designations may be reversed by the Board of Directors at any time in the future.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net assets with donor restrictions – These types of net assets are subject to donor-imposed stipulations, which limit their use by MLF to a specific purpose and/or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from donor restrictions.

Income Taxes

MLF, Inc., MLF SC, and MLF SC 3 are exempt from Federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3), except to the extent of unrelated business income, if any. In addition, under IRC Section 509(a)(1), MLF, Inc. is a public charity and, thus, donations to MLF, Inc. qualify for the maximum allowable charitable deduction.

The most significant tax positions of MLF, Inc., MLF SC, and MLF SC 3 are their assertions that they are exempt from income taxes and their determinations of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that MLF, Inc., MLF SC, and MLF SC 3 had no UBIT liability from unrelated business activities during the years ended December 31, 2024 and 2023. All significant tax positions have been considered by management and it has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

MLF, Inc., MLF SC, and MLF SC 3 are required to file Form 990 (Return of Organization Exempt from Income Tax), which is subject to examination by the Internal Revenue Service (IRS), generally up to three years from the later of the original due date or the date the tax return was filed. The Forms 990 for 2023, 2022, and 2021 for MLF, Inc. and MLF SC are open to examination by the IRS as of December 31, 2024.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

MLF follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which relates to MLF's fair value disclosures related to financial assets and liabilities. FASB ASC 820 defines fair value, expands related disclosure requirements, and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of inputs to fair value measurements – Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs.

MLF's financial instruments consist principally of cash and cash equivalents, other receivables, notes receivable - NMTC, notes receivable - neighbors, accrued interest receivable, cash and cash equivalents with donor restrictions, pledges receivable with donor restrictions, accounts payable, accrued payroll expenses, other current liabilities, operating lease liability, and security deposit liabilities. MLF believes all of the financial instruments' recorded values approximate current market values due to the short maturity of these instruments. The carrying amount of the notes payable approximates fair value because the interest rate approximates the current market interest rate.

Cash and Cash Equivalents

MLF considers all liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Other Receivables

Other receivables are recorded at the amount MLF expects to collect on outstanding balances. MLF has not set up an allowance for credit losses at December 31, 2024 and 2023, because management estimates that the receivables are collectible, and write-offs are historically unusual and small.

Inventory

MLF records inventory, which consists of retail items from the Community Market and Community Works programs, at direct cost on the weighted average basis.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless their use is donor restricted by explicit donor stipulations or by law. At December 31, 2024 and 2023, investments consisted of common stock, money market funds, and U.S. treasury bills valued at \$53,390,310 and \$55,567,506 respectively, (using Level 1 inputs).

Property and Equipment

Property and equipment items in excess of \$5,000 (\$2,500 prior to January 1, 2022) are capitalized at cost, including costs of significant improvements. Donated property and equipment are recorded at estimated fair value of the date of receipt. Depreciation is computed on a straight-line basis using estimated useful lives of five, fifteen, twenty-seven and a half, and thirty-nine years for the following categories: buildings and other housing units, vehicles, recreational vehicles, computer equipment, furniture and fixtures, equipment and storage, and land improvements.

Debt Issuance Costs

Debt issuance costs of \$711,625 were paid in 2020 related to the financing of the four MLF SC's Notes Payable - NMTC. Debt issuance costs of \$603,964 were paid in 2024 related to the financing of the four MLF SC 3's Notes Payable - NMTC. Debt issuance costs for the Notes Payable – NMTC were recorded as a direct deduction from the face amount of the notes payable (see Note 8).

Amortization of debt issuance costs are computed using the straight-line method over the lives of the applicable loans and recorded as interest expense. Interest expense related to the amortization of debt issuance costs for the years ended December 31, 2024 and 2023, totaled \$38,694 and \$20,931, respectively.

Intentions to Give

MLF received an intention to give from a donor during the year ended December 31, 2016 hoping to contribute towards MLF's Community First! Village over a 10 year period. Since this pledge does not meet the criteria for revenue recognition under FASB ASC 958, it is not reflected as a contribution in the consolidated statements of activities until the pledge is collected. As of December 31, 2022 and 2021, intentions to give totaled \$350,000 and \$400,000, respectively.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations, Contributions, and Pledges Receivable

All contributions are recorded at their fair value and are considered to be available for operations of MLF unless specifically restricted by the donor. Unconditional pledges to give cash and other assets are reported as net assets with donor restrictions (either temporarily or permanently restricted), if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or donor restricted purpose is accomplished, the related net assets with donor restrictions are reclassified to net assets without donor restrictions. This is reported in the consolidated statements of activities as net assets released from donor restrictions. Conditional pledges to give are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. Pledges are recognized as revenues when the donor's commitment is received. Pledges are recognized at the estimated present value of the future net cash flows, net of allowances. All pledges receivable are recorded at net realizable value for the years ended December 31, 2024 and 2023.

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 consolidated financial statements because fair value of the contributions cannot be readily determined.

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. MLF did not receive contributed services for the years ended December 31, 2024 and 2023. 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 consolidated financial statements. MLF estimates that approximately 35,473 and 30,729 volunteers have contributed their time to MLF during the years ended December 31, 2024 and 2023, respectively.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

The expense information contained in the consolidated statements of activities is presented on a functional basis. Accordingly, certain expenses are allocated among the programs and supporting services benefited. Expenses which cannot be specifically identified have been allocated based on management's best estimate of usage. Payroll and related costs are allocated based on estimated time spent by the employees for each function. Depreciation is allocated on estimated usage in each function.

Subsequent Events

These consolidated financial statements considered subsequent events through the date of the Independent Auditors' Report, the date the consolidated financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject MLF to credit risk principally consist of cash and cash equivalents and investments. To minimize this risk, MLF places its temporary cash investments with high credit quality financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). Cash held in banks is protected by the FDIC up to \$250,000 per bank per entity. Securities are protected by the SIPC which currently protects brokerage accounts up to \$500,000 in securities. The U.S. treasury bills held as investments are fully backed and guaranteed by the U.S. government. At December 31, 2024 and 2023, MLF had \$10,479,862 and \$5,000,990, respectively, in uninsured balances. MLF has not experienced any losses in such accounts in the past.

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NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable are due over various years and are summarized at December 31, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 9,482,199	\$ 6,668,061
Due between one and five years	6,471,356	10,104,335
Due in more than five years	200,000	300,000
Discount to present value	(220,499)	(402,567)
Allowance for uncollectible receivables	<u>(807,678)</u>	<u>(853,620)</u>
 Total pledges receivable, net	 <u>\$ 15,125,378</u>	 <u>\$ 15,816,209</u>

Pledges receivable has been analyzed and a reasonable allowance for uncollectible contributions has been made. Receivable balances have been discounted to their present values at December 31, 2024 and 2023, assuming an interest rate of 2.0%.

NOTE 5 - NOTES RECEIVABLE

Notes Receivable - Neighbors

MLF, Inc. created promissory notes due to MLF, Inc. for participants who purchased vehicles, lawn mowers, or electrical upgrades. During the terms of the promissory notes, MLF, Inc. maintained security interest in the vehicles. The notes receivable at December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Outstanding balances	\$ 250	\$ 383
Less current portion	(250)	(383)
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

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NOTE 5 - NOTES RECEIVABLE (CONTINUED)

Notes Receivable - NMTC

In connection with the NMTC transaction as disclosed in Note 15, MLF, Inc. entered into a note receivable agreement with Chase NMTC MLF Investment Fund, LLC on November 10, 2020, for the total amount of \$12,873,360 and a maturity date of December 31, 2048. The note bears interest at a rate of 1% per annum and interest-only payments are payable quarterly beginning on December 15, 2020. Quarterly principal and interest payments in the amount of \$170,100 are to commence on March 15, 2028. The note can be prepaid without penalty at any time.

In connection with the NMTC transaction as disclosed in Note 16, MLF, Inc. entered into a note receivable agreement with Chase NMTC MLF 2 Investment Fund, LLC on March 08, 2024, for the total amount of \$11,028,500 and with a maturity date of June 30, 2053. The note bears interest at a rate of 1.039% per annum and interest only payments are payable quarterly beginning on June 15, 2024. Quarterly principal and interest payments in the amount of \$573,041 are to commence on March 15, 2032. The note can be prepaid without penalty at any time.

NOTE 6 - PROPERTY AND EQUIPMENT

At December 31, 2024 and 2023, property and equipment consisted of the following:

	2024	2023
Land	\$ 52,676,440	\$ 52,676,440
Land improvements	12,829,700	12,086,168
Equipment	2,495,718	1,986,301
Furniture and fixtures	335,100	335,100
Buildings	13,428,552	13,428,552
Microhomes	11,388,055	8,832,535
Trailers	7,822,519	6,884,536
Vehicles	1,462,501	1,355,051
CIP: Community First! Village	41,395,464	12,153,696
Total cost	<u>143,834,049</u>	<u>109,738,379</u>
Less: accumulated depreciation	<u>(15,634,350)</u>	<u>(13,321,751)</u>
Property and equipment, net	<u><u>\$ 128,199,699</u></u>	<u><u>\$ 96,416,628</u></u>

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NOTE 6 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense totaled \$3,073,434 and \$2,827,825, respectively, for the years ended December 31, 2024 and 2023.

For the years ended December 31, 2024 and 2023, MLF made purchases of property and equipment totaling \$35,468,991 and \$12,600,486, respectively. Additionally, MLF received donations of property and equipment totaling \$24,100 and \$250,157 for the years ended December 31, 2024 and 2023, respectively. During both December 31, 2024 and 2023, approximately 98% and 99% of all property and equipment is used on program services. The allocation of the property and equipment is reflected in the consolidated statements of functional expenses through depreciation expense, which recognizes the cost of the property and equipment over their useful lives.

Community First! Village – Land Improvements & Site Development

In 2021, MLF entered into a construction contract to build the Community First Living Room Building within Phase 2 with Contractor #1 totaling \$2,098,053, which was subject to additions, deletions or other revisions by change orders which were agreed upon by both MLF and the contractor. The final contracted amount was \$2,140,482. During the years ended December 31, 2024 and 2023, MLF incurred and paid \$0 and \$186,470 respectively, to Contractor #1. Construction was completed in May 2023.

In 2022, MLF entered into a construction contract to build ten homes in the MLF Community First Village within Phase 2 with Contractor #3 with a maximum construction fee of \$1,550,000. The contract is subject to additions, deletions, or other revisions by change orders which were agreed upon by both MLF and the contractor. The contract was amended to a maximum of \$1,559,207. During the years ended December 31, 2024 and 2023, MLF incurred and paid \$155,000 and \$1,404,207, respectively, to Contractor #2. Final retainage was paid in 2024 upon completion.

In 2023, MLF entered into an infrastructure site development construction contract for CFV Phase 3 expansion with Contractor #3 totaling \$27,106,996, which is subject to additions, deletions, or other revisions by change orders which were agreed upon by both MLF and the contractor. During the years ended December 31, 2024 and 2023, MLF incurred and paid \$6,380,577 and \$3,608,539, respectively, to Contractor #3.

In 2023, MLF entered into an infrastructure site development construction contract for CFV Phase 4 expansion with Contractor #3 totaling \$28,171,214, which is subject to additions, deletions, or other revisions by change orders which were agreed upon by both MLF and the contractor. During the years ended December 31, 2024 and 2023, MLF incurred and paid \$6,067,387 and \$904,331, respectively, to Contractor #3.

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NOTE 6 - PROPERTY AND EQUIPMENT (CONTINUED)

Community First! Village – Land Improvements & Site Development (Continued)

In 2023, MLF entered into a construction contract for CFV Phase 3 Downtown Buildings Project with Contractor #4 totaling \$16,040,616, which is subject to additions, deletions, or other revisions by change orders which were agreed upon by both MLF and the contractor. During the years ended December 31, 2024 and 2023, MLF incurred and paid \$8,138,926 and \$0, respectively, to Contractor #4.

In 2024, MLF entered into a construction contract for CFV Phase 4 Downtown Buildings Project with Contractor #5 totaling \$9,507,388, which is subject to additions, deletions, or other revisions by change orders which were agreed upon by both MLF and the contractor. During the year ended December 31, 2024, MLF incurred and paid \$3,036,631 to Contractor #5.

In 2024, MLF entered into a construction contract for CFV Phase 3 & 4 Operation Buildings with Contractor #6 totaling \$3,099,749, which is subject to additions, deletions, or other revisions by change orders which were agreed upon by both MLF and the contractor. During the year ended December 31, 2024, MLF incurred and paid \$2,563,536 to Contractor #6.

In 2024, MLF entered into a Design – Build Agreement for construction of CFV Phase 3 & 4 homes with Contractor #2 totaling \$11,100,000, which is subject to additions, deletions, or other revisions by change orders which were agreed upon by both MLF and the contractor. During the year ended December 31, 2024, MLF incurred and paid \$2,351,304 to Contractor #2.

NOTE 7 - LINE OF CREDIT AND STANDBY LETTER OF CREDIT

On June 21, 2023, MLF obtained a line of credit in the amount of \$10,000,000. The line, which expires on June 21, 2028, provides for an interest rate based on an index which is the AMERIBOR Term-30 plus 1.75%. As of December 31, 2024, no amounts were due on the line of credit.

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NOTE 8 - NOTES PAYABLE

Notes Payable - NMTC

MLF SC entered into two note payable agreements with Peoplefund NMTC 15, LLC on November 10, 2020, for the total amount of \$9,702,000 (Note A - \$7,537,860 and Note B - \$2,164,140) and maturity dates of December 31, 2054. The notes bear interest at a rate of 1.232% per annum and interest-only payments are payable quarterly beginning on December 5, 2020. Quarterly principal and interest payments are to commence on March 5, 2028. As of December 31, 2024 and 2023, the outstanding balances totaled \$9,702,000. Prepayment of these notes in part or in full is not allowed prior to the end of the NMTC recapture period.

MLF SC entered into two note payable agreements with Urban Development Fund, 60 LLC on November 10, 2020, for the total amount of \$7,125,000 (Note A - \$5,335,500 and Note B - \$1,789,500) and maturity dates of December 31, 2054. The notes bear interest at a rate of 1.232% per annum and interest-only payments are payable quarterly beginning on December 5, 2020. Quarterly principal and interest payments are to commence on March 5, 2028. As of December 31, 2024 and 2023, the outstanding balances totaled \$7,125,000. Prepayment of these notes in part or in full is not allowed prior to the end of the NMTC recapture period.

At December 31, 2024 and 2023, the balance of unamortized debt issuance costs relating to the four notes payable – NMTC totaled \$606,973 and \$627,904, respectively.

MLF SC 3 entered into two note payable agreements with Peoplefund NMTC 29, LLC on March 08, 2024, for the total amount of \$12,740,000 (Note A - \$9,644,700 and Note B - \$3,095,300) and maturity dates of December 31, 2058. The notes bear interest at a rate of 1% per annum and interest-only payments are payable quarterly beginning on June 5, 2024. Quarterly principal and interest payments are to commence on March 5, 2032. As of December 31, 2024 and 2023, the outstanding balances totaled \$12,740,000. Prepayment of these notes in part or in full is not allowed prior to the end of the NMTC recapture period.

MLF SC 3 entered into two note payable agreements with CNBC Sub-CDE 228, LLC on March, 08, 2024, for the total amount of \$2,000,000 (Note A - \$1,383,800 and Note B - \$616,200) and maturity dates of December 31, 2058. The notes bear interest at a rate of 1% per annum and interest-only payments are payable quarterly beginning on June 5, 2024. Quarterly principal and interest payments are to commence on March 5, 2032. As of December 31, 2024 and 2023, the outstanding balances totaled \$2,000,000. Prepayment of these notes in part or in full is not allowed prior to the end of the NMTC recapture period.

At December 31, 2024 and 2023, the balance of unamortized debt issuance costs relating to the four notes payable – NMTC totaled \$586,200 and \$0, respectively.

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NOTE 8 - NOTES PAYABLE (CONTINUED)

Notes Payable - Construction

In January 2023, MLF entered into a note payable agreement with Travis County for a total amount of \$35,000,000 and a maturity date of January 25, 2083. During 2024, there was amendment which increased the note payable amount to \$36,000,000. Maturity of the note can be automatically extended for twenty-year periods thereafter as long as the property continues to be used for the purposes required under the subaward agreement. Interest shall not accrue on this note unless the maturity of this note has been accelerated. The principal and interest of this note shall be due and payable upon maturity as a one-time balloon payment. Funds from the note payable agreement will be used for the Burleson expansion of Community First! Village, which also serves as collateral for the loan. At December 31, 2024 and 2023, the amount drawn and outstanding totaled \$9,661,159 and \$904,332, respectively.

Future maturities of notes payable at December 31, 2024, are as follows:

Year Ending December 31,	
2025	\$ -
2026	-
2027	112,500
2028	525,156
2029	531,656
Thereafter	<u>40,058,847</u>
Total	<u>\$ 41,228,159</u>

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NOTE 9 - LEASING ACTIVITIES

Operating Leases

MLF entered into various operating lease agreements set to expire at various dates through December 2025.

The following summarizes the line items in the consolidated statements of financial position for the operating leases as of December 31, 2024 and 2023:

	2024	2023
Operating leases:		
Operating right-of-use asset	<u>\$ 24,079</u>	<u>\$ 54,702</u>
Operating lease liability - short term	21,756	31,158
Operating lease liability - long term	<u>2,624</u>	<u>23,544</u>
Total operating lease liabilities	<u>\$ 24,380</u>	<u>\$ 54,702</u>

The following summarizes the weighted-average remaining lease term and discount rate as of December 31, 2024 and 2023:

	2024	2023
Operating leases:		
Weighted-average remaining lease term:		
Operating leases	.97 years	2.82 years
Weighted-average discount rate:		
Operating leases	1.92%	1.80%

Future minimum lease payments to be paid on these leases are due as follows:

Year Ending December 31,	
2025	\$ 21,543
2026	1,716
2027	<u>1,211</u>
Total	<u>24,470</u>
Less: Interest	(287)
Present value of lease liabilities	<u>\$ 24,183</u>

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NOTE 9 - LEASING ACTIVITIES (CONTINUED)

Operating Leases (Continued)

The following summarizes the line items in the consolidated statements of functional expenses which include the components of lease expense for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 30,451	\$ 30,668
Total operating lease cost	<u>\$ 30,451</u>	<u>\$ 30,668</u>

The following summarizes cash flow information related to leases for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 30,451</u>	<u>\$ 30,668</u>

Related Party Operating Lease

MLF, Inc. entered into an operating lease agreement with MLF SC set to expire in December 2045 (see Note 14).

The following summarizes the line items recorded for MLF, Inc. in the consolidating statement of financial position within the supplemental schedules for the related party operating lease as of December 31, 2024:

	<u>2024</u>
Operating leases:	
Operating right-of-use asset - related party	<u>\$ 14,697,966</u>
Operating lease liability - short term - related party	\$ 152,843
Operating lease liability - long term - related party	<u>14,545,123</u>
Total related party operating lease liabilities	<u>\$ 14,697,966</u>

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NOTE 9 - LEASING ACTIVITIES (CONTINUED)

Related Party Operating Lease (Continued)

The following summarizes the weighted-average remaining lease term and discount rate for the related party operating lease as of December 31, 2024:

2024	
Weighted-average remaining lease term:	
Operating leases	21 years
Weighted-average discount rate:	
Operating leases	0.12%

Future minimum lease payments to be paid by MLF, Inc. on this related party operating lease, as of December 31, 2024, is as follows:

Year Ending December 31,	
2025	\$ 147,000
2026	147,000
2027	162,000
2028	795,000
2029	795,000
Thereafter	<u>12,720,000</u>
Total	<u>14,766,000</u>
Less: Interest	<u>(68,034)</u>
Present value of lease liabilities	<u><u>\$ 14,697,966</u></u>

The following summarizes the components of related party operating lease expense for MLF, Inc. for the year ended December 31, 2024, which is reported within the program services line item in the consolidating statement of activities within the supplemental schedules:

2024	
Operating lease expense	\$ 141,100
Total operating lease cost	<u><u>\$ 141,100</u></u>

MOBILE LOAVES & FISHES, INC.,
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NOTE 9 - LEASING ACTIVITIES (CONTINUED)

Related Party Operating Lease (Continued)

The following summarizes cash flow information for MLF, Inc. related to the related party operating lease for the year ended December 31, 2024:

	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 141,100</u>

NOTE 10 - FUNDS HELD BY OTHERS

MLF, Inc. is the beneficiary of the Mobile Loaves & Fishes Endowment Fund (the “Fund”), a charitable fund established in 2007 and administered independently by the Austin Community Foundation for the Capital Area (“ACF”). The purpose of the Fund is to feed the hungry and to provide accessible, attractive, and gratifying means for individuals to serve their communities, thus, inspiring a lifestyle of volunteering to serve. As part of the Fund agreement, MLF, Inc. granted ACF variance power and, therefore, the assets of the Fund are irrevocably held and managed by ACF. ACF has the authority to distribute any principal amount of the Fund at its sole discretion, from time to time. There were no distributions made from the Fund during the years ended December 31, 2023 and 2024. The value of the Fund totaled \$201,647 and \$159,596 at December 31, 2024 and 2023, respectively.

NOTE 11 - CONDITIONAL PLEDGES

During 2016, a donor recommended a Foundation to commit to a \$1,000,000 pledge to be paid to MLF over 10 years (\$100,000 per year). If the Foundation does not make the annual payment to MLF, the donor will commit to pay MLF the remaining amount. Due to the conditional nature of the pledge, MLF did not record all of the pledge as contribution income and related pledge receivable for the year ended December 31, 2016. During the years ended December 31, 2024 and 2023, MLF received and recognized \$100,000 each year related to this pledge. As of December 31, 2024, the remaining unrecorded pledge is \$100,000.

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NOTE 11 - CONDITIONAL PLEDGES (CONTINUED)

MLF received a long-term pledge from Austin DMO, Inc. dba Downtown Austin Alliance (the “Alliance”) in May 2017 totaling \$2,000,000 payable in annual installments over a maximum 10-year period beginning in October 2017 and continuing until the final installment in October 2026. Payments beyond October 2022 are contingent on the reauthorization of the Public Improvement District (PID) beyond its current expiration date of April 30, 2023. Should the PID not be reauthorized, this agreement shall immediately terminate. In addition, MLF must submit a business plan beginning September 1, 2017, and must provide the annual Form 990 and audited financial statements as soon as they are complete. The funds are restricted for capital improvements for Community First! Village phases 2, 3, and 4 and for addressing the needs of people who are chronically homeless. MLF shall not comingle the Alliance funds with other programs or operations of MLF. The Alliance may terminate this pledge agreement at any time or without cause. MLF recorded the \$1,200,000 unconditional portion of the pledge receivable and related contribution income during the year ended December 31, 2017. MLF will not record the contribution income and related pledge receivable for the conditional portion of the pledge totaling \$800,000 until the contingency has been met. During the years ended December 31, 2024 and 2023, MLF received and recognized \$200,000 each year related to this pledge. As of December 31, 2024, the remaining unrecorded pledge is \$400,000.

During December 2020, MLF received a pledge from Austin Board of Realtors Foundation totaling \$1,000,000 for the Community First! Village program to be paid over a 10-year period. Per terms of the pledge, the continued funding would be reviewed every two years. During the years ended December 31, 2024 and 2023, MLF received and recognized \$100,000 each year related to this pledge. As of December 31, 2024, the remaining unrecorded pledge is \$500,000.

During August 2022, MLF received a conditional pledge from Lennar Foundation totaling \$1,400,000 for the ICON Lennar Phase 2 Homes to be recognized in two payments. The first \$700,000 was earned and recognized during the year ended December 31, 2022, when construction commenced. The remaining \$700,000 was earned and recognized as revenues during the year ended December 31, 2023, when construction was completed.

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NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

MLF had the following net assets with donor restrictions activity for the year ended December 31, 2024:

	Beginning Balance	Donations Received	Released from Donor Restrictions	Ending Balance
Subject to the Passage of Time or Expenditure for Specified Purpose:				
Community First!	\$ 71,210,650	\$ 23,526,423	\$ (6,641,823)	\$ 88,095,250
Time restricted for future unrestricted operations	1,125,000	2,352,000	(2,004,700)	1,472,300
	<u>\$ 72,335,650</u>	<u>\$ 25,878,423</u>	<u>\$ (8,646,523)</u>	<u>\$ 89,567,550</u>

MLF had the following net assets with donor restrictions activity for the year ended December 31, 2023:

	Beginning Balance	Donations Received	Released from Donor Restrictions	Ending Balance
Subject to the Passage of Time or Expenditure for Specified Purpose:				
Community First!	\$ 56,063,994	\$ 20,026,988	\$ (4,880,332)	\$ 71,210,650
Time restricted for future unrestricted operations	280,000	1,500,000	(655,000)	1,125,000
	<u>\$ 56,343,994</u>	<u>\$ 21,526,988</u>	<u>\$ (5,535,332)</u>	<u>\$ 72,335,650</u>

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2024	2023
Subject to expenditure for a specified purpose:		
Community First!	\$ 73,413,995	\$ 55,263,253
Subject to the passage of time:		
Pledges receivable for Community First!	14,681,255	15,947,397
Pledges receivable for future unrestricted operations	1,472,300	1,125,000
Total net assets with donor restrictions	<u>\$ 89,567,550</u>	<u>\$ 72,335,650</u>

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NOTE 13 - EMPLOYEE PENSION PLAN

MLF has established a 401(k) retirement plan for its employees. All employees at least 18 years of age are eligible for the plan and for employer match immediately upon employment. MLF matches the employee's elective deduction up to 5% of gross salary and matching contributions will vest 100% after an employee has completed three years of employment. Employer contributions for the years ended December 31, 2024 and 2023, totaled \$212,177 and \$183,672, respectively.

NOTE 14 - RELATED PARTY TRANSACTIONS

During 2024 and 2023, MLF, Inc. made cash contributions to MLF SC of \$207,037 and \$3,460,463, respectively.

During 2024 and 2023, MLF, Inc. made cash contributions to MLF SC 3 of \$8,478,863 and \$0 respectively.

As part of the NMTC transaction, MLF, Inc. entered into a lease agreement with MLF SC to lease the Community First! Phase II land, buildings, and improvements through December 31, 2045. Lease payments will be due quarterly on the 1st day of March, June, September, and December at the rental amounts established in the lease agreement. Rental expense totaled \$147,000 and \$147,000 during the years ended December 31, 2024 and 2023, respectively. Intercompany rental income and expense between MLF SC and MLF, Inc. will be eliminated in the consolidating statements of activities. Future minimum payment activity and other required lease disclosures on this related party operating lease are included in Note 9.

NOTE 15 - NEW MARKETS TAX CREDITS TRANSACTION

Background

New Markets Tax Credits are tax credits created by the Federal government in 2000 and renewed each year thereafter to help encourage sustained investment in low-income communities. The purpose is to provide investors with a financial incentive (a tax credit) to invest in projects being built in low-income communities. Investors receive a 39% Federal tax credit earned over a seven-year period (the compliance period). The NMTC transaction provided funding for MLF to use toward Community First! Village Phase 2 and Phase 3.

There are various entities involved in the NMTC transaction including MLF, Inc., MLF SC, and MLF SC 3. MLF, Inc. is the leverage lender and MLF SC and MLF SC 3 are the Qualified Active Low-Income Community Business ("QALICB"). See Note 5 for the notes receivable MLF, Inc. made as the leverage lender. See Note 8 for the notes payable MLF SC and MLF SC 3 received as the QALICB to use towards Community First! Village Phase 2 and Phase 3.

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NOTE 15 - NEW MARKETS TAX CREDITS TRANSACTION (CONTINUED)

Option Agreement

On November 10, 2020 and March 8, 2024, MLF, Inc. entered into a Put/Call Option Agreement for the NMTC - CFV Phase 2 and NMTC - CFV Phase 3 project, respectively, with Chase Community Equity, LLC (the “Fund Member”) to put the ownership interest in the Fund for \$1,000 plus the amount of all transfer and/or excise taxes in connection with the transfer of interest. The put may be exercised by the Fund Member at any time during the period commencing on the earlier to occur of (i) the date there shall be one or more final determinations that a recapture event has occurred as defined in the agreement, or (ii) the last day of the tax credit investment period. Exercising the option will effectively extinguish all debt for MLF, Inc., MLF SC and MLF SC 3 relating to the NMTC transactions. All entities related to the structure will then be effectively dissolved, thus ending the structured financing transaction.

Should the structure not dissolve, MLF SC and MLF SC 3 will make principal and interest payments in accordance with the loan agreements as disclosed in Note 8. The probability of the loans extending past the seven-year compliance period is very low.

NOTE 16 - AFFORDABLE HOUSING GRANT

In December 2020, MLF, Inc. entered into an Affordable Housing Program Agreement for Rental Project with the Federal Home Loan Bank of Dallas (FHLB). MLF, Inc. was awarded total \$1,500,000 for the CFV Phase 2 project. As of December 31, 2024 and 2023, \$588,734 and \$161,266, respectively, has been drawn. The construction of the project has been completed in 2024 and is entering to a 15 year retention period.

In October 2024, MLF, Inc. was also awarded a total of \$4,000,000 from FHLB for CFV Phase 3 & 4 projects with \$2,000,000 for each Phase. As of December 31, 2024, \$0 has been drawn.

NOTE 17 - MICHAEL AND SUSAN DELL FOUNDATION GRANT

In March 2022, MLF received a \$36,600,000 grant from the Michael and Susan Dell Foundation (MSDF) for the Scaling Community First! Village to Combat Homelessness project. The grant funds are contingent upon MLF collecting an additional \$73.2 million in in-kind, securities, and/or cash donations for the project and will be disbursed incrementally as the donations are collected. During 2024 and 2023, MLF earned and collected \$7,586,321 and \$5,974,934, respectively, from MSDF related to this grant.

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Notes to the Consolidated Financial Statements
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NOTE 18 - CONTRIBUTED NONFINANCIAL ASSETS AND SERVICES

MLF had the following contributed nonfinancial assets and services for the years ended December 31, 2024 and 2023:

Year Ended December 31, 2024

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Vehicles	\$ 24,100	It is MLF's policy to sell all contributed vehicles upon finding the right buyer unless the vehicle is restricted for use in a specific program by the donor (capitalized)	No associated donor restrictions	Fair Value
Food	<u>11,485</u>	Food donated to Truck Ministry Program to feed the homeless and working poor (expensed)	No associated donor restrictions	Fair value
Total	<u>\$ 35,585</u>			

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Notes to the Consolidated Financial Statements
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NOTE 18 - CONTRIBUTED NONFINANCIAL ASSETS AND SERVICES (CONTINUED)

Year Ended December 31, 2023

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Tiny Homes	\$ 201,257	Contributed tiny homes for MLF's mission, vision, and goals (capitalized)	No associated donor restrictions	Based on appraised value
RVs	44,900	Contributed RVs for MLF's mission, vision, and goals (capitalized)	No associated donor restrictions	Fair value
Pest Control	20,000	ABC provided weekly Commercial Pest Control to MLF	No associated donor restrictions	Fair value
Vehicles	4,750	It is MLF's policy to sell all contributed vehicles upon finding the right buyer unless the vehicle is restricted for use in a specific program by the donor (capitalized)	No associated donor restrictions	Fair Value
Food	<u>8,488</u>	Food donated to Truck Ministry Program to feed the homeless and working poor (expensed)	No associated donor restrictions	Fair value
Total	<u><u>\$ 279,395</u></u>			

NOTE 19 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

MLF's working capital and cash flows varies as contributions are received over the year. Additionally, working capital and cash flows increase due to revenue increases prior to special event fundraisers with the expenses of these events paid subsequently. Other monthly cash outflows vary each year based on the specific requirements of MLF's programming during the period.

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Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 19 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The following reflects MLF's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if MLF's Board of Directors approves that action.

	<u>2024</u>	<u>2023</u>
Financial assets available:		
Cash and cash equivalents	\$ 365,134	\$ 7,953,032
Current pledges receivable with donor restrictions	884,000	625,000
Accrued interest receivable	544,946	487,297
Other receivables collectible in less than one year	3,941,373	781,250
Investments	13,404,926	8,823,750
Notes receivable - current	250	383
Total financial assets, excluding noncurrent receivables	<u><u>\$ 19,140,629</u></u>	<u><u>\$ 18,670,712</u></u>

SUPPLEMENTARY INFORMATION

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidating Statement of Financial Position
December 31, 2024

	<u>MLF, Inc.</u>	<u>MLF SC</u>	<u>MLF SC-3</u>	<u>Eliminations</u>	<u>Total</u>	<u>Consolidated</u>
ASSETS						
Current assets						
Cash and cash equivalents	\$ (7,201,856)	\$ 443,301	\$ 7,123,689	\$ -	\$ 365,134	
Current pledges receivable with donor restrictions	884,000	-	-	-	884,000	
Accrued interest receivable	544,946	-	-	-	544,946	
Other receivables	3,941,397	(24)	-	-	3,941,373	
Investments	13,404,926	-	-	-	13,404,926	
Inventory	71,253	-	-	-	71,253	
Notes receivable - neighbors - current	250	-	-	-	250	
Prepaid expense	468,708	-	-	-	468,708	
Total current assets	<u>12,113,624</u>	<u>443,277</u>	<u>7,123,689</u>	<u>-</u>	<u>19,680,590</u>	<u></u>
Cash and cash equivalents with donor restrictions						
for the purpose of property and equipment	12,450,923	-	-	-	-	12,450,923
Investments with donor restrictions	39,985,384	-	-	-	-	39,985,384
for the purchase of property and equipment						
Pledges receivable with donor restrictions	13,658,378	-	-	-	-	13,658,378
for the purchase of property and equipment, net	583,000	-	-	-	-	583,000
Noncurrent pledges receivable with donor restrictions	28,313,915	930,789	12,150,760	-	-	41,395,464
Construction-in-progress with donor restrictions	23,901,860	-	-	-	-	23,901,860
Notes receivable - NMTC - noncurrent	61,832,032	20,143,729	4,828,474	-	-	86,804,235
Property and equipment, net	14,722,045	-	-	-	-	14,697,966
Operating right-of-use assets				-	-	24,079
Total assets	<u>\$ 207,561,161</u>	<u>\$ 21,517,795</u>	<u>\$ 24,102,923</u>	<u>\$ (14,697,966)</u>	<u>\$ 238,483,913</u>	<u></u>

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidating Statement of Financial Position
December 31, 2024

	MLF, Inc.	MLF SC	MLF SC-3	Total	
				Eliminations	Consolidated
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$ 3,562,719	\$ -	\$ 1,465,135	\$ -	\$ 5,027,854
Accrued payroll expense	527,926	-	-	-	527,926
Other current liabilities	115,050	-	67,000	-	182,050
Deferred rental income	48,689	-	-	-	48,689
Operating lease liability - short term	174,599	-	-	(152,843)	21,756
Security deposit liabilities	166,041	-	-	-	166,041
Total current liabilities	4,595,024	-	1,532,135	(152,843)	5,974,316
Notes payable - noncurrent portion, net of unamortized debt issuance costs	9,661,159	16,220,027	14,153,800	-	40,034,986
Operating lease liability - long term	14,547,747	-	-	(14,545,123)	2,624
Total liabilities	28,803,930	16,220,027	15,685,935	(14,697,966)	46,011,926
Net assets					
Without donor restrictions	89,189,681	5,297,767	8,416,988	-	102,904,436
With donor restrictions	89,567,551	-	-	-	89,567,551
Total net assets	178,757,232	5,297,767	8,416,988	-	192,471,987
Total liabilities and net assets	\$ 207,561,162	\$ 21,517,794	\$ 24,102,923	\$ (14,697,966)	\$ 238,483,913

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidating Statement of Activities
Year Ended December 31, 2024

	<u>MLF, Inc.</u>	<u>MLF SC</u>	<u>MLF SC-3</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Changes in Net Assets Without Donor Restriction					
Public support:					
Contributions	\$ 9,054,337	\$ 207,037	\$ 8,478,863	\$ (8,685,900)	\$ 9,054,337
Contributed non-financial assets	35,585	-	-	-	35,585
Total public support	<u>9,089,922</u>	<u>207,037</u>	<u>8,478,863</u>	<u>(8,685,900)</u>	<u>9,089,922</u>
Rent income	<u>2,097,590</u>	<u>147,000</u>	<u>99</u>	<u>(147,099)</u>	<u>2,097,590</u>
Special events:					
Special events income	871,155	-	-	-	871,155
Special events expense	(182,353)	-	-	-	(182,353)
Special events, net	<u>688,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,802</u>
Micro-enterprise:					
Micro-enterprise income	157,256	-	-	-	157,256
Micro-enterprise expense	(118,141)	-	-	-	(118,141)
Micro-enterprise, net	<u>39,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,115</u>
Other program income:					
Other program income	633,429	-	-	-	633,429
Other program expense	(269,086)	-	-	-	(269,086)
Other program income, net	<u>364,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,343</u>

MOBILE LOAVES & FISHES, INC.,
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
Consolidating Statement of Activities
Year Ended December 31, 2024

	MLF, Inc.	MLF SC	MLF SC-3	Eliminations	Total Consolidated
Changes in Net Assets Without Donor Restriction (Continued)					
Other income (loss):					
Interest income	2,731,617	3,812	85,783	-	2,821,212
Other income	382,588	(58,215)	-	-	324,373
Total other income (loss)	<u>3,114,205</u>	<u>(54,403)</u>	<u>85,783</u>	<u>-</u>	<u>3,145,585</u>
Net assets released from donor restrictions					
Total support, income, and reclassifications without donor restriction	<u>24,040,500</u>	<u>299,634</u>	<u>8,564,745</u>	<u>(8,832,999)</u>	<u>24,071,880</u>
Expenses:					
Program services	24,564,765	1,132,701	137,758	(8,832,999)	17,002,225
Fundraising	2,001,477	-	-	-	2,001,477
Management and general	1,756,381	9,000	10,000	-	1,775,381
Total expenses	<u>28,322,623</u>	<u>1,141,701</u>	<u>147,758</u>	<u>(8,832,999)</u>	<u>20,779,083</u>
Change in net assets without donor restriction	<u>(4,282,123)</u>	<u>(842,067)</u>	<u>8,416,987</u>	<u>-</u>	<u>3,292,797</u>
Changes in Net Assets With Donor Restriction					
Contributions	25,878,423	-	-	-	25,878,423
Contributed non-financial assets	-	-	-	-	-
Net assets released from donor restrictions	<u>(8,646,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,646,523)</u>
Change in net assets with donor restriction	<u>17,231,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,231,900</u>
Total change in net assets	<u>\$ 12,949,777</u>	<u>\$ (842,067)</u>	<u>\$ 8,416,987</u>	<u>\$ -</u>	<u>\$ 20,524,697</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors

Mobile Loaves & Fishes, Inc., Mobile Loaves & Fishes Support Corporation, and Mobile Loaves & Support Corporation 3

We have audited, in accordance with the 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, the consolidated financial statements of Mobile Loaves & Fishes, Inc., Mobile Loaves & Fishes Support Corporation, and Mobile Loaves & Fishes Support Corporation 3 (collectively, MLF), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 27, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered MLF's internal controls over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of MLF's internal control. Accordingly, we do not express an opinion on the effectiveness of MLF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MLF's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Archley & Associates, LLP". The signature is fluid and cursive, with "Archley & Associates" on the top line and "LLP" on the bottom line.

Austin, Texas

May 27, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Directors

Mobile Loaves & Fishes, Inc., Mobile Loaves & Fishes Support Corporation, and Mobile Loaves & Support Corporation 3

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mobile Loaves & Fishes, Inc., Mobile Loaves & Fishes Support Corporation, and Mobile Loaves & Fishes Support Corporation 3 (collectively, MLF), a non-profit organization, compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of MLF major federal programs for the year ended December 31, 2024. MLF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, MLF complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MLF and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the MLF's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the MLF's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MLF's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the MLF's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MLF's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the MLF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MLF's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ackley & Associates, LLP

Austin, Texas
May 27, 2025

MOBILE LOAVES & FISHES, INC., MOBILE LOAVES & FISHES SUPPORT CORPORATION
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-through Grantor Program Title	Federal AL Number	Grant/ Contract Number	Federal Expenditures	Pass Through to Subrecipients
US Department of Treasury				
Passed through:				
Travis County				
Coronavirus State and Local Fiscal Recovery Funds				
Program Name: American Rescue Plan Act (ARPA) - Loan	21.027	US4PERR7DEK3	<u>\$ 9,661,159</u>	<u>\$ -</u>
Total US Department of the Treasury			<u>9,661,159</u>	<u>-</u>
Total Expenditures of Federal Awards			<u><u>\$ 9,661,159</u></u>	<u><u>\$ -</u></u>

**MOBILE LOAVES & FISHES, INC.
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mobile Loaves & Fishes, Inc., Mobile Loaves & Fishes Support Corporation, and Mobile Loaves & Fishes Support Corporation 3 (collectively, MLF), under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MLF, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MLF.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATES

MLF has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - LOANS

These amount is included on the Schedule of Expenditures of Federal Awards because it represents a loan still outstanding with the U.S. Department of Treasury (passed through from Travis County).

AL No.	Balance as of			Amount Forgiven	Balance as of December 31, 2024
	January 1, 2024	New Proceeds	-		
21.027	\$ 904,332	\$ 8,756,827	\$ -		\$ 9,661,159

MOBILE LOAVES & FISHES, INC.
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting			
• Material weakness(es) identified?	Yes	<input checked="" type="checkbox"/>	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes	<input checked="" type="checkbox"/>	None Reported
Noncompliance material to financial statements noted?	Yes	<input checked="" type="checkbox"/>	No
<i>Federal Awards</i>			
Internal control over major programs:			
• Material weakness(es) identified?	Yes	<input checked="" type="checkbox"/>	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes	<input checked="" type="checkbox"/>	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
• Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes	<input checked="" type="checkbox"/>	No

Identification of major programs:

AL No.	Name of Federal Program
21.027	Coronavirus State & Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes No

II. Financial Statement Findings

No matters were reported

III. Findings and Questioned Costs for Federal Awards

No matters were reported

MOBILE LOAVES & FISHES, INC.
MOBILE LOAVES & FISHES SUPPORT CORPORATION, AND
MOBILE LOAVES & FISHES SUPPORT CORPORATION 3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

None reported