

**MOBILE MEALS OF TUCSON, INC.**

**AUDITED FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mobile Meals of Tucson, Inc.  
Tucson, Arizona

### Report on the financial statements

We have audited the accompanying financial statements of Mobile Meals of Tucson, Inc. (an Arizona nonprofit corporation), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's responsibility for the financial statements

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

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Meals of Tucson, Inc. as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HBL CPAs, P.C.

**HBL CPAs, P.C.**

**January 11, 2016**

**MOBILE MEALS OF TUCSON, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 26,702	\$ 54,108
Investments	1,188,615	1,202,497
Accounts receivable	20,856	18,869
Grants receivable	13,794	12,925
Prepaid expenses and other assets	7,028	6,637
Furniture and equipment	6,932	12,499
	\$ 1,263,927	\$ 1,307,535

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 25,717	\$ 23,453
Accrued expenses	16,086	12,547
	41,803	36,000
Net assets:		
Unrestricted:		
Undesignated	447,131	494,526
Board designated, contingency fund	100,000	100,000
Board designated, quasi-endowment	561,114	566,442
	1,108,245	1,160,968
Temporarily restricted	63,333	60,021
Permanently restricted	50,546	50,546
	1,222,124	1,271,535
	\$ 1,263,927	\$ 1,307,535

**MOBILE MEALS OF TUCSON, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2015**

	<b>Unrestricted net assets</b>	<b>Temporarily restricted net assets</b>	<b>Permanently restricted net assets</b>	<b>Total</b>
Public support and revenue				
Public support:				
Government grants	\$ 87,128	\$ -	\$ -	\$ 87,128
United Way	7,075	-	-	7,075
Contributions:				
Individual	53,387	-	-	53,387
Corporate	44,473	-	-	44,473
Foundation	127,467	-	-	127,467
Appeals and newsletters	26,333	-	-	26,333
In-kind contributions	12,028	-	-	12,028
Special events, net of direct donor benefit costs of \$773	14,762	23,105	-	37,867
Revenue:				
Fees for meals	161,516	-	-	161,516
Investment (loss)	(13,436)	(593)	-	(14,029)
	520,733	22,512	-	543,245
Net assets released from restriction	19,200	(19,200)	-	-
Total public support and revenue	539,933	3,312	-	543,245
Expenses:				
Program services	487,571	-	-	487,571
General and administrative	55,803	-	-	55,803
Fundraising	49,282	-	-	49,282
Total expenses	592,656	-	-	592,656
Change in net assets	(52,723)	3,312	-	(49,411)
Net assets, beginning of year	1,160,968	60,021	50,546	1,271,535
Net assets, end of year	\$ 1,108,245	\$ 63,333	\$ 50,546	\$ 1,222,124

**MOBILE MEALS OF TUCSON, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b>Unrestricted net assets</b>	<b>Temporarily restricted net assets</b>	<b>Permanently restricted net assets</b>	<b>Total</b>
Public support and revenue				
Public support:				
Government grants	\$ 86,981	\$ -	\$ -	\$ 86,981
United Way	7,337	-	-	7,337
Contributions:				
Individual	75,617	-	-	75,617
Corporate	23,305	-	-	23,305
Foundation	122,905	-	-	122,905
Appeals and newsletters	35,888	-	-	35,888
Bequests	4,223	-	-	4,223
In-kind contributions	21,475	-	-	21,475
Special events, net of direct donor benefit costs of \$177	13,562	19,200	-	32,762
Revenue:				
Fees for meals	174,454	-	-	174,454
Investment income	73,038	3,396	-	76,434
	638,785	22,596	-	661,381
Net assets released from restriction	26,005	(26,005)	-	-
Total public support and revenue	664,790	(3,409)	-	661,381
Expenses:				
Program services	457,412	-	-	457,412
General and administrative	59,196	-	-	59,196
Fundraising	81,413	-	-	81,413
Total expenses	598,021	-	-	598,021
Change in net assets	66,769	(3,409)	-	63,360
Net assets, beginning of year	1,094,199	63,430	50,546	1,208,175
Net assets, end of year	\$ 1,160,968	\$ 60,021	\$ 50,546	\$ 1,271,535

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

**MOBILE MEALS OF TUCSON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2015**

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bad debt	\$ 6,646	\$ -	\$ -	\$ 6,646
Bank charges	1,223	480	443	2,146
Computer expenses	1,493	166	259	1,918
Conferences and seminars	227	47	31	305
Depreciation	2,865	2,586	116	5,567
Direct donor benefit costs	-	-	773	773
Dues and subscriptions	1,295	320	-	1,615
Equipment rental	2,485	224	2,993	5,702
In-kind meals	12,028	-	-	12,028
Insurance and bond expense	9,791	1,870	-	11,661
Investment fees	-	150	-	150
Meals expense	200,615	-	-	200,615
Meetings and training	1,233	1,985	442	3,660
Miscellaneous expense	4,119	10	2,116	6,245
Office supplies	3,651	556	612	4,819
Postage and printing	6,189	689	7,148	14,026
Professional services	5,958	9,697	1,072	16,727
Program supplies	149	-	-	149
Rent	18,968	2,502	-	21,470
Telephone	670	90	-	760
Travel	35,318	126	31	35,475
Volunteer recognition	973	-	274	1,247
Wages and benefits	171,675	34,455	33,745	239,875
Total functional expenses	<u>487,571</u>	<u>55,953</u>	<u>50,055</u>	<u>593,579</u>
Less investment fees netted against revenues	-	(150)	-	(150)
Less direct donor benefit costs netted against revenues	-	-	(773)	(773)
Total expenses	<u>\$ 487,571</u>	<u>\$ 55,803</u>	<u>\$ 49,282</u>	<u>\$ 592,656</u>



**MOBILE MEALS OF TUCSON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bad debt	\$ 8,042	\$ -	\$ -	\$ 8,042
Bank charges	928	152	1,286	2,366
Computer expenses	2,597	634	534	3,765
Conferences and seminars	974	459	398	1,831
Depreciation	2,423	2,524	101	5,048
Direct donor benefit costs	-	-	177	177
Dues and subscriptions	801	424	320	1,545
Equipment rental	2,442	205	2,795	5,442
In-kind meals	21,475	-	-	21,475
Insurance and bond expense	8,467	2,632	-	11,099
Investment fees	-	150	-	150
Meals expense	191,452	-	-	191,452
Meetings and training	1,085	902	107	2,094
Miscellaneous expense	5,262	10	1,963	7,235
Office supplies	3,490	931	1,386	5,807
Postage and printing	14,045	592	6,206	20,843
Professional services	1,943	14,850	25,692	42,485
Program supplies	158	-	-	158
Rent	19,267	2,946	453	22,666
Telephone	661	101	15	777
Travel	32,830	-	2	32,832
Volunteer recognition	4,309	-	-	4,309
Wages and benefits	134,761	31,834	40,155	206,750
Total functional expenses	<u>457,412</u>	<u>59,346</u>	<u>81,590</u>	<u>598,348</u>
Less investment fees netted against revenue	-	(150)	-	(150)
Less direct donor benefit costs netted against revenues	-	-	(177)	(177)
Total expenses	<u>\$ 457,412</u>	<u>\$ 59,196</u>	<u>\$ 81,413</u>	<u>\$ 598,021</u>

**MOBILE MEALS OF TUCSON, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (49,411)	\$ 63,360
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,567	5,048
Unrealized (gains) losses on investments	59,459	(39,090)
(Increase) decrease in operating assets:		
Accounts receivable	(1,987)	(809)
Bequest receivable	-	59,034
Grants receivable	(869)	(11,050)
Prepaid expenses and other assets	(391)	1,176
Increase (decrease) in operating liabilities:		
Accounts payable	2,264	6,217
Accrued expenses	3,539	4,471
Net cash provided by operating activities	<u>18,171</u>	<u>88,357</u>
 Cash flows from investing activities:		
Purchases of furniture and equipment	-	(4,093)
Purchases of investments and reinvested dividends	<u>(45,577)</u>	<u>(187,362)</u>
Net cash (used in) investing activities	<u>(45,577)</u>	<u>(191,455)</u>
 Change in cash and cash equivalents	(27,406)	(103,098)
 Cash and cash equivalents, beginning of year	<u>54,108</u>	<u>157,206</u>
 Cash and cash equivalents, end of year	<u>\$ 26,702</u>	<u>\$ 54,108</u>

Supplemental cash flow information:

No cash paid for interest or income taxes in 2015 or 2014.

**MOBILE MEALS OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 - Organization**

Mobile Meals of Tucson, Inc. (Mobile Meals) is an Arizona nonprofit charitable corporation, which provides in-home meal delivery for qualified individuals with medically restricted diets in the greater Tucson area. Mobile Meals provides services primarily with volunteers. Funding is principally from donations and client fees. Mobile Meals' major program is as follows:

*Meal delivery* – This is a volunteer-based program that preserves the health, dignity and independence of homebound adults by delivering special diet meals. Clients are eligible if they are homebound, have special dietary needs and are unable to cook or shop for themselves. Clients are provided with two meals a day, Monday through Friday, usually one hot and one cold meal. Meals are prepared by nine different local healthcare facilities.

**NOTE 2 - Summary of significant accounting policies**

*Financial statement presentation*

Mobile Meals is required under generally accepted accounting principles to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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. Accordingly, actual results could differ from those estimates.

*Cash and cash equivalents*

Cash and cash equivalents includes all cash balances and highly liquid investments with an original maturity of three months or less. Mobile Meals had no uninsured cash at September 30, 2015.

*Investments*

Investments are valued at fair market value. Donated investments are recorded at fair market value at the date of gift.

*Accounts receivable*

Accounts receivable are stated at the amount that Mobile Meals expects to collect from meal recipients on outstanding balances. Management believes that all such receivables are fully collectible, and accordingly has recorded no valuation allowance.

*Furniture and equipment*

Purchased furniture and equipment are carried at cost. Donated furniture and equipment are carried at the approximate fair value at the date of donation. Mobile Meals capitalizes purchases in excess of \$500 with a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

**MOBILE MEALS OF TUCSON, INC.**  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
SEPTEMBER 30, 2015 AND 2014

**NOTE 2 - Summary of significant accounting policies, continued**

*Accrued leave*

Accrued leave is reported as a liability when earned by the employees since the employees receive vested rights to this employee benefit.

*Restricted and unrestricted revenue and support*

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

*Endowments*

Mobile Meals' endowments consist of two individual funds established under either donor restriction or as designated by the Board of Directors to ensure support for future operations. As required by generally accepted accounting principles, net assets associated with endowment funds (including funds designated by the Board of Directors to function as endowments) are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Arizona adopted the Prudent Management of Institutional Funds Act (PMIFA) (the Act). The Board of Directors of Mobile Meals has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Mobile Meals classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, Mobile Meals considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

*Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**MOBILE MEALS OF TUCSON, INC.**  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
SEPTEMBER 30, 2015 AND 2014

**NOTE 2 - Summary of significant accounting policies, continued**

*Functional expense allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Donated materials and services*

Donated materials are recorded at estimated fair market value when received. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

No amounts have been reflected in the statements for donated services, although a substantial number of volunteers have donated significant amounts of their time in program services, because the aforementioned criteria has not been met.

*Income tax status*

Mobile Meals is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Mobile Meals' tax-exempt purpose may be subject to taxation as unrelated business income. In addition, Mobile Meals qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

**NOTE 3 – Fair value measurements and investments**

Fair value measurements are determined based on the assumptions, referred to as inputs, that market participants would use in pricing the asset. The fair value hierarchy distinguishes between market participant assumptions and Mobile Meals' own assumptions about market participant assumptions. Observable inputs are assumptions based on market data obtained from independent sources; while unobservable inputs are Mobile Meals' own assumptions about what market participants would assume based on the best information available in the circumstances.

*Level 1 inputs.* A quoted price in an active market for an identical asset or liability is considered to be the most reliable evidence of fair value. The fair value of Mobile Meals' investments in marketable securities are determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions.

*Level 2 inputs.* These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. Mobile Meals does not utilize Level 2 inputs.

*Level 3 inputs.* These inputs are unobservable and are used to measure fair value only when observable inputs are not available. Mobile Meals does not utilize Level 3 inputs.

**MOBILE MEALS OF TUCSON, INC.**  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
SEPTEMBER 30, 2015 AND 2014

**NOTE 3 – Fair value measurements and investments, continued**

Fair values of assets measured on a recurring basis at September 30, 2015 and 2014 consisted of the following:

	Level 1	
	2015	2014
Mutual funds	\$ 1,188,615	\$ 1,202,497
Less amounts restricted for long-term purpose	(50,546)	(50,546)
Available for operations	\$ 1,138,069	\$ 1,151,951

Investment income (loss) for the years ended September 30, 2015 and 2014 was as follows:

	2015	2014
Interest and dividend income	\$ 45,580	\$ 37,344
Unrealized gains	(59,459)	39,240
Investment fees	(150)	(150)
	\$ (14,029)	\$ 76,434

**NOTE 4 – Furniture and equipment**

Furniture and equipment consisted of the following at September 30, 2015 and 2014:

	2015	2014
Computer equipment	\$ 29,739	\$ 29,739
Office equipment and furniture	9,043	9,043
	38,782	38,782
Less accumulated depreciation	(31,850)	(26,283)
	\$ 6,932	\$ 12,499

**NOTE 5 – Temporarily restricted net assets**

Temporarily restricted net asset activity consisted of the following for the year ended September 30, 2015:

	Beginning balance	Additions	Investment income	Releases	Ending balance
Special event - future year	\$ 19,200	\$ 23,105	\$ -	\$ (19,200)	\$ 23,105
Accumulated earnings on endowments	40,821	-	(593)	-	40,228
	\$ 60,021	\$ 23,105	\$ (593)	\$ (19,200)	\$ 63,333

**MOBILE MEALS OF TUCSON, INC.**  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
SEPTEMBER 30, 2015 AND 2014

**NOTE 5 – Temporarily restricted net assets, continued**

Temporarily restricted net asset activity consisted of the following for the year ended September 30, 2014:

	Beginning balance	Additions	Investment income	Releases	Ending balance
Special event - future year	\$ 26,005	\$ 19,200	\$ -	\$ (26,005)	\$ 19,200
Accumulated earnings on endowments	37,425	-	3,396	-	40,821
	<u>\$ 63,430</u>	<u>\$ 19,200</u>	<u>\$ 3,396</u>	<u>\$ (26,005)</u>	<u>\$ 60,021</u>

**NOTE 6 – Permanently restricted net assets**

Permanently restricted net assets total \$50,546 at both September 30, 2015 and 2014. In the absence of donor restrictions regarding earnings on these permanently restricted contributions, earnings are temporarily restricted by PMIFA until appropriated by the Board of Directors.

**NOTE 7 – Endowments**

*Funds with deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires Mobile Meals to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, there were no deficiencies of this nature reported in unrestricted net assets as of September 30, 2015 or 2014.

*Return objectives and risk parameters*

Mobile Meals has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve total return consistent with the perpetual nature of endowment fund assets, with the objective to provide current income and long-term financial support to carry out the functions of Mobile Meals in all phases of operations as the need arises.

Mobile Meals expects its endowment funds, over time, to provide an average rate of return of approximately 6% to 10% annually. The portfolio results, including risk and return, will be measured against the Capital Markets Index (CMI) which is a board proxy for the performance measures of domestic fixed income and equity markets, and as a performance benchmark for balanced portfolios. The return objective is based on historical returns of 5.5% for bonds (fixed income) and 11% for stocks. Actual returns in any given year may vary from this amount.

**MOBILE MEALS OF TUCSON, INC.**  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
SEPTEMBER 30, 2015 AND 2014

**NOTE 7 – Endowments, continued**

*Investment strategies*

To satisfy its current income and long-term rate-of-return objectives, Mobile Meals relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Mobile Meals targets a diversified asset allocation that places an emphasis on balanced portfolio of 50% bonds and 50% stocks with a 10% leeway in each direction for investments to achieve its long-term return objectives within prudent risk constraints.

*Spending policy*

Mobile Meals has a formally adopted spending policy, which reads as follows: The Finance Committee may annually distribute an amount between 5% and 7% of the fund's total average value including interest from the endowment portion. The distributions may be made semi-annually to the money market account in an amount between 2.5% and 3.5% of the calculated distribution value following approval from the Finance Committee. The distribution value is the average of the fair market value of the investments as of the close of each of the 12 months preceding the month of distributions.

The investments' market value shall be based upon all assets in the fund including principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the month. Any additional distribution from the investment funds requires approval by the Board of Directors.

*Endowment fund net assets*

Endowment fund activity consisted of the following for the year ended September 30, 2015:

	Unrestricted board designated	Temporarily restricted	Permanently restricted	Total
Beginning balance	\$ 566,442	\$ 40,821	\$ 50,546	\$ 657,809
Interest and dividend income	17,312	1,927	-	19,239
Unrealized (losses)	(22,640)	(2,520)	-	(25,160)
Balance, end of year	<u>\$ 561,114</u>	<u>\$ 40,228</u>	<u>\$ 50,546</u>	<u>\$ 651,888</u>

Endowment fund activity consisted of the following for the year ended September 30, 2014:

	Unrestricted board designated	Temporarily restricted	Permanently restricted	Total
Beginning balance	\$ 535,952	\$ 37,425	\$ 50,546	\$ 623,923
Interest and dividend income	14,896	1,659	-	16,555
Unrealized gains	15,594	1,737	-	17,331
Balance, end of year	<u>\$ 566,442</u>	<u>\$ 40,821</u>	<u>\$ 50,546</u>	<u>\$ 657,809</u>



**MOBILE MEALS OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 8 – In-kind contributions**

In-kind contributions consisted of the following functional expenses at September 30, 2015 and 2014:

	2015	2014
Meals expense	\$ 12,028	\$ 21,475

**NOTE 9 – Leases**

Mobile Meals rents facilities and equipment under non-cancelable operating leases expiring at various times through March 2018. Total rent expense for facilities and equipment was \$24,296 and \$25,315 for the years ended September 30, 2015 and 2014, respectively. Future minimum payments under the noncancelable operating leases were as follows at September 30, 2015:

Year ending September 30, 2016	\$	22,876
2017		20,918
2018		744
	\$	44,538

**NOTE 10 – Subsequent events**

Subsequent events have been evaluated through January 11, 2016, which is the date the financial statements were available to be issued.