

MEND – Meet Each Need with Dignity

Audited Financial Statements

For the Six Month Period Ended December 31, 2021

(With Comparative Summarized Financial Information as
of and for the Year Ended June 30, 2021)



MEND – Meet Each Need with Dignity

Financial Statements
For the Six Month Period Ended December 31, 2021

MEND – Meet Each Need with Dignity

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Independent Auditor's Report

To the Board of Directors
MEND – Meet Each Need with Dignity
Pacoima, California

Opinion

I have audited the accompanying financial statements of MEND – Meet Each Need with Dignity, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the six month period then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEND – Meet Each Need with Dignity as of December 31, 2021, and the changes in net assets and its cash flows for the six month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibility under those standards is further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of MEND – Meet Each Need with Dignity and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 MEND – Meet Each Need with Dignity’s 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MEND – Meet Each Need with Dignity’s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited MEND – Meet Each Need with Dignity’s June 30, 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated December 8, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lewis Sharpstone & Co.

Woodland Hills, California,
June 30, 2022

Financial Statements

MEND - Meet Each Need with Dignity
Statement of Financial Position
December 31, 2021
(With Comparative Totals as of June 30, 2021)

	December 31, 2021	June 30, 2021
Assets		
Cash and cash equivalents	\$ 1,171,599	\$ 1,431,681
Investments	2,306,123	2,277,847
Contributions receivable	252,238	202,440
Inventories	279,485	379,782
Prepaid expenses	76,821	55,252
Property and equipment, net	6,571,108	6,692,917
Total Assets	\$ 10,657,374	\$ 11,039,919
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 234,319	\$ 313,633
Total Liabilities	234,319	313,633
Net Assets		
Without donor restrictions		
Undesignated	8,834,719	8,921,238
Board designated	1,289,008	1,260,810
Total net assets without donor restrictions	10,123,727	10,182,048
With donor restrictions	299,328	544,238
Total Net Assets	10,423,055	10,726,286
Total Liabilities and Net Assets	\$ 10,657,374	\$ 11,039,919

See accompanying notes to financial statements.

MEND - Meet Each Need with Dignity

Statement of Activities and Changes in Net Assets Six Month Period Ended December 31, 2021 (With Comparative Totals for the Year Ended June 30, 2021)

	December 31, 2021			June 30, 2021
	Without donor restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Contributions				
Foundations	\$ 194,799	\$ 125,000	\$ 319,799	\$ 1,061,268
Individuals	694,465	-	694,465	1,374,308
Businesses and other organizations	84,849	70,500	155,349	212,781
In-kind	3,700,455	-	3,700,455	6,360,126
Special events and other income	159,736	58,269	218,005	65,038
Government income	368,200	-	368,200	1,106,350
Program income	47,198	-	47,198	1,470
Rental income	25,388	-	25,388	7,021
Investment income	34,606	-	34,606	86,962
Gain on sale of assets	2,115	-	2,115	19,501
Forgiveness of PPP loan recognized	-	-	-	90,372
Net assets released from restrictions	498,679	(498,679)	-	-
Total Support and Revenue	5,828,860	(244,910)	5,583,950	10,385,197
Expenses:				
Program services	5,232,410	-	5,232,410	8,609,786
Management and general	306,321	-	306,321	438,807
Fundraising	348,450	-	348,450	594,598
Total Expenses	5,887,181	-	5,887,181	9,643,191
Change in Net Assets	(58,321)	(244,910)	(303,231)	742,006
Net Assets, beginning of year	10,182,048	544,238	10,726,286	9,984,280
Net Assets, end of year	\$ 10,123,727	\$ 299,328	\$ 10,423,055	\$ 10,726,286

See accompanying notes to financial statements.

MEND – Meet Each Need with Dignity

Statement of Functional Expenses Six Month Period Ended December 31, 2021 (With Comparative Totals for the Year Ended June 30, 2021)

	December 31, 2021				June 30, 2021
	Program Expenses	Management & General Expenses	Fundraising Expenses	Total Expenses	Total Expenses
	Salaries and wages	\$ 845,241	\$ 203,398	\$ 186,752	\$ 1,235,391
Payroll taxes	62,783	15,885	13,927	92,595	146,677
Employee benefits	60,910	15,721	13,711	90,342	155,185
Donated goods	3,794,546	-	-	3,794,546	6,189,372
Auto	17,618	-	-	17,618	54,313
Contract services	58,352	14,638	11,028	84,018	136,138
Equipment	8,116	1,537	-	9,653	86,038
Food	35,739	-	-	35,739	186,814
Fundraising consultants	-	-	41,299	41,299	68,970
Insurance	9,773	17,391	318	27,482	48,191
Licenses and permits	12,771	1,360	1,593	15,724	35,314
Marketing and advertising	-	-	4,922	4,922	-
Office supplies	14,218	6,805	13,681	34,704	42,427
Postage and printing	3,303	636	2,053	5,992	24,338
Professional fees	-	16,805	-	16,805	33,933
Program outreach	32,251	-	-	32,251	-
Property taxes	2,565	91	86	2,742	4,015
Repairs and maintenance	14,623	2,998	2,236	19,857	20,691
Special events	-	-	50,407	50,407	3,375
Supplies	103,768	2,400	1,084	107,252	160,010
Telephone	3,510	369	312	4,191	11,824
Utilities	41,861	2,379	1,337	45,577	51,503
Depreciation	110,462	3,908	3,704	118,074	264,162
	\$ 5,232,410	\$ 306,321	\$ 348,450	\$ 5,887,181	\$ 9,643,191

See accompanying notes to financial statements.

MEND - Meet Each Need with Dignity
Statement of Cash Flows
Six Month Period Ended December 31, 2021
(With Comparative Totals for the Year Ended June 30, 2021)

	December 31, 2021	June 30, 2021
Cash flows from operating activities		
Change in net assets	\$ (303,231)	\$ 742,006
Adjustments to reconcile change in net assets to net assets provided by operating activities		
Depreciation	118,074	264,162
Loss (gain) on sale of assets	(2,115)	(19,501)
Forgiveness of PPP loan recognized	-	(90,372)
Change in donated inventories	100,297	(169,444)
Gains (realized and unrealized) on sale of investments	(31,857)	(71,027)
Changes in operating assets and liabilities		
Contributions receivable	(49,798)	(159,521)
Prepaid expenses	(21,569)	(35,882)
Accounts payable and accrued expenses	<u>(79,314)</u>	<u>45,358</u>
Net cash provided (used) by operating activities	<u>(269,513)</u>	<u>505,279</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	5,850	78,083
Purchase of property and equipment	-	(54,559)
Proceeds from sale of investments	19,383	-
Purchases of investments	<u>(15,802)</u>	<u>(343,535)</u>
Net cash (used) provided by investing activities	<u>9,431</u>	<u>(320,011)</u>
Change in cash	(260,082)	185,268
Cash - beginning of year	<u>1,431,681</u>	<u>1,246,413</u>
Cash - end of year	\$ <u>1,171,599</u>	\$ <u>1,431,681</u>

See accompanying notes to financial statements.

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Notes to Financial Statements December 31, 2021 (With Comparative Totals - June 30, 2021)

NOTE 1 - ORGANIZATION PROFILE

MEND- Meet Each Need with Dignity (“MEND” or the “Organization”) is a community based, California nonprofit public benefit corporation which provides families and individuals who are low-income and homeless with basic needs and case management services. The organization is supported primarily through donor contributions from individuals, foundations and businesses, as well as through in-kind contributions. The organization is dependent upon such support in order to fund its operations.

MEND offers food, clothing and case management services. MEND sponsors the following programs:

Emergency Food Bank

The emergency food bank prepares and directly distributes to individuals and families donated food collected from various organizations and retailers. MEND also distributes food through satellite locations and outreach partners, which include other community agencies and faith-based organizations.

Hope and Care Program

The hope and care program commenced as COVID-19 cases began to spread in late 2020 among the most vulnerable people in San Fernando Valley neighborhoods. The program offers support, information on COVID-19 testing, prevention, symptoms, and resources, masks and PPE. The program also helps mitigate and address other COVID impacts including food-insecurity, mental and physical health needs by offering information on local resources and delivering food, PPE and cleaning supplies to families and individuals in quarantine or sick as a result of COVID-19.

Homeless Care Services

The homeless care services program, which in prior years was known as the shower program, offers fresh clothing, hygiene kits, hot meals, and to-go bags of ready to eat food. MEND also makes referrals to other housing and mental health service organizations.

Pathways to Wellness

The pathways to wellness program provides one-on-one and group guidance to clients with chronic conditions and helps them and their families cultivate healthy habits that can move them towards greater wellness.

Family Support Program

The family support program provides one-on-one guidance through case management to clients living in crisis, to help them reduce their dependence on MEND’s and other safety net services and gain greater stability and independence.

Christmas and Holiday Programs

The Christmas and holiday programs provide donated gifts, toys, blankets and food to families in need as well as those families that are in vulnerable situations.

Programs discontinued in 2021

As of October 2021, MEND discontinued its clothing center program and modified the way the Organization delivers clothing supportive services which now is provided through MEND’s Hope & Care and Family Supportive Programs. MEND will continue to meet the needs of unsheltered clients and low-

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Notes to Financial Statements December 31, 2021 (With Comparative Totals - June 30, 2021)

income families by providing essentials such as bundles of new clothing, diapers, wipes, toiletries and other hygiene kits.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting, and Year End

The financial statements of the organization have been prepared on the accrual basis which recognizes income when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

On July 1, 2021 the Organization changed its year end from June 30 to December 31. Accordingly, these financial statements are presented as of and for the six month period ended December 31, 2021.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: - Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. See Note 7 for more information on the composition of net assets without donor restrictions.

Net Assets with Donor Restrictions: - Net assets with donor restrictions consists of assets whose use is limited by donor imposed, time and/or purpose restrictions. The Organization reports cash or other assets received as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. See Note 7 for more information on the composition of net assets with donor restrictions.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally excepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived. Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Use of Estimates

The preparation of financial statements in conformity with generally excepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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Notes to Financial Statements December 31, 2021 (With Comparative Totals - June 30, 2021)

Contributions and Promises to Give

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions is reclassified to net assets without donor restrictions and is reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenue and support without donor restrictions.

Government income reported on the statement of activities represents governmental funds contributed to MEND under subrecipient or subcontractor agreements with other nonprofit organizations.

Unconditional promises to give are recognized as revenues or gains in the period the unconditional promise is received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise has become unconditional.

Special Events

Included in special events and other income on the statement of activities is gross special event income of \$218,005. The expenses related to the event were \$50,407, included within fundraising expenses on the statement of activities.

Donated Materials and Services

Donations of materials are recorded as contributions at their estimated fair value at the date of the donation. Donated services that create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by the donation are recorded at fair value in the period received.

For the six month period ended December 31, 2021, and the year ended June 30, 2021 the Organization recorded total in-kind contributions of food of \$3,495,568 and \$6,149,250 and hope and care items (clothing and pandemic assistance supplies (masks, hand sanitizers etc.)) of \$204,887 and \$210,876, total of \$3,700,455 and \$6,360,126, respectively. The basis for the estimated values is described in Note 4.

Donated services from volunteers who provide services such as drivers, cooks, clothing or food distribution helpers, teachers, administrative assistance and other voluntary positions are not recognized as contributions for financial statement purposes as the recognition criteria have not been satisfied. The organization estimates that it received approximately 7,639 and 22,336 volunteer hours during the six month period ended December 31, 2021 and the year ended June 30, 2021, respectively.

Rental income

In May 2021 MEND entered into a two-year lease, as lessor, renting approximately 1,700 square feet of space in its building. The aggregate amount of rental income to be received under this lease is approximately \$126,000, subject to reductions depending on COVID-19 related restrictions on the ability of the tenant to access and use the space. Rental income is recognized in the month earned.

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Notes to Financial Statements December 31, 2021 (With Comparative Totals - June 30, 2021)

Investments

Investments are stated at fair value. Interest, dividends, and realized and unrealized gains and losses are reported as increases or decreases in net assets without donor restriction unless a donor or law restricts their use and are reflected in the Statement of Activities as investment returns.

Fair Value Measurements

Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs or other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Contributions Receivable

Contributions receivable consists primarily of unpaid foundation, corporate and individual contributions and are all due within one year from the balance sheet date. Management regularly reviews receivables and considers the receivable recorded at December 31, 2021 to be fully collectible.

Inventory

Inventory at December 31, 2021 and June 30, 2021 consists of donated food, clothing and pandemic assistance supplies (also known as “hope and care” inventory). Donated items are valued at their estimated fair value using relevant research from leading nonprofit organizations on national average prices for food and clothing, and bulk wholesale estimated prices for hope and care inventory.

Long Lived Assets

The Organization reviews for the impairment of long-lived assets and certain identifiable intangible assets whenever events or changes in circumstances indicate that the carrying amount of any asset may

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December 31, 2021

(With Comparative Totals - June 30, 2021)

not be recoverable. An impairment loss is recognized when the estimate on discounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the carrying amount. If impairment is indicated, the amount of the loss to be recorded is based on an estimate of the difference between the carrying amount and the fair value of the asset. Fair value is based upon discounted estimated cash flows expected to result from the use of the asset and its eventual disposition and other valuation methods.

There were no impairment charges during the six month period ended December 31, 2021 and the year ended June 30, 2021.

Property and Equipment

The property and equipment are stated at cost if purchased or at fair value at the date of donation, if donated, and are depreciated using the straight-line method over the estimated useful lives of the assets generally as follows.

Building	40 years
Building improvements	5 – 40 years
Equipment	5 - 7 years
Trucks	10 years

PPP Loan Accounting

Management has carefully evaluated its accounting options for the loan it received under the Paycheck Protection Program (“PPP”) loan program. This program was established on March 27, 2020 as part of the Coronavirus Aid, Relief and Economic Security (“CARES”) Act. The PPP loan program provides that all or a portion of the loan may be forgiven if a borrower incurs certain eligible expenses during an allowable period following receipt of the funds. Management has concluded that the PPP loan is an in-substance government grant to the Organization and is accounting for the loan as a conditional contribution in accordance with ASC 958-605. For accounting purposes management recognizes its estimate of the portion of forgiveness earned when the conditions for such forgiveness have been substantially met.

Functional Expense Allocations

Expenses that can be identified with a program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management, based on time expensed by staff or other reasonable methods.

Income Taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code. Since the Organization is exempt from federal and state income tax, no provision has been made for current or deferred income tax expense. Under ASC 740, “Income Taxes”, an organization must evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination.

The Organization files its Form 990 in the US federal jurisdiction and its Form 199 with the State of California and a separate filing with the office of the attorney general for the State of California. There

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are currently no audits for any tax periods in progress. The Organization remains subject to income tax examination for 2018 and subsequent years (for federal) and 2017 and subsequent years (for State).

Custodial Credit Risk

Custodial credit risk is the risk that the Organization will not be able to (a) recover deposits if the depository financial institution fails, b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails or c) recover receivables from third parties.

Financial instruments that potentially subject the Organization to credit risk are cash deposits with banks and other financial institutions that are in excess of the federally insured limit of \$250,000. The Organization's cash balances exceed this limit at times during the year. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Credit risk associated with receivables is considered to be limited due to high historic collection rates and because of the strong long-term relationships the Organization has with donors.

COVID-19 Impact Risk

Starting in March 2020, the US economy faced considerable uncertainty related to the impact of the COVID-19 virus. Management is continuing to evaluate the impact these uncertainties may have on its risk assessments.

Significant Concentrations

Contributions Receivable: For the six month period ended December 31, 2021, there were three donors that accounted for approximately 76% of contributions receivable. For the year ended June 30, 2021 year end, there were two donors that accounted for approximately 78% of contributions receivable.

Support and Revenue: For the six month period ended December 31, 2021 and year ended June 30, 2021, there were two food donor(s) that accounted for approximately 36% and 35% of the Organization's total support and revenue, respectively.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Organization in its year ended December 31, 2022. The Organization is in the process of evaluating the impact of adoption on its financial statements.

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to provide additional guidance to nonprofit organizations on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency into how organizations are receiving and valuing in-kind contributions. The ASU is effective for annual periods beginning after June 30, 2021. The Organization adopted this ASU in this financial statement and there were no material effects of this

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adoption on the Organization's financial statements.

NOTE 3 INVESTMENTS

The following tables sets forth by level within the fair value hierarchy MEND's investment assets at fair value as of December 31, 2021 and June 30, 2021:

December 31, 2021 Asset Class	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 1,592,331	\$ -	\$ -	\$ 1,592,331
T-bills and corporate bonds	-	211,105	-	211,105
Equities	319,900	-	-	319,900
Mutual funds	79,135	-	-	79,135
Exchange Traded funds	87,849	-	-	87,849
Real Estate Investment Trusts	15,803	-	-	15,803
Total	\$ 2,095,018	\$ 215,734	-	\$ 2,306,123

June 30, 2021 Asset Class	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 1,586,368	\$ -	\$ -	\$ 1,586,368
T-bills and Corporate Bonds	-	215,734	-	215,734
Equities	293,734	-	-	293,734
Mutual Funds	79,456	-	-	79,456
Exchange Traded Funds	88,204	-	-	88,204
Real Estate Investment Trusts	14,787	-	-	14,787
Total	\$ 2,062,113	\$ 215,734	-	\$ 2,277,847

Investment balances as of December 31, 2021 and June 30, 2021 are held for the following purpose:

	12/31/2021	06/30/2021
Investments with board designations	\$ 1,289,008	\$ 1,260,810
Endowment investments	176,156	176,156
Investments without board designations	840,959	840,881
Total	\$ 2,306,123	\$ 2,277,847

Total Investment income for the six month period ended December 31, 2021 and year ended June 30, 2021 was \$34,606 and \$86,962 respectively.

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Notes to Financial Statements December 31, 2021 (With Comparative Totals - June 30, 2021)

NOTE 4 INVENTORIES

As of December 31, 2021 and June 30, 2021, inventories consisted of the following:

	<u>12/31/2021</u>	<u>06/30/2021</u>
Food	\$ 202,374	\$ 285,009
Hope and care items	<u>77,111</u>	<u>94,773</u>
Total	<u>\$ 279,485</u>	<u>\$ 379,782</u>

As of December 31, 2021 and June 30, 2021, food inventories consisted of 113,058 and 163,798 pounds of food. The food inventory and donations were valued at \$1.79 and \$1.74 per pound respectively, based on relevant research from a leading nonprofit organization on national average prices for food.

Hope and care items were valued conservatively. The Organization researched and obtained the bulk wholesale value of items donated, all of such information was readily available from public sources.

NOTE 5 PROPERTY AND EQUIPMENT

As of December 31, 2021 and June 30, 2021, property and equipment consisted of the following:

	<u>12/31/2021</u>	<u>06/30/2021</u>
Land	\$ 1,094,728	\$ 1,094,728
Building	8,544,396	8,544,396
Equipment	231,165	296,208
Vehicles	<u>227,025</u>	<u>227,025</u>
Total cost of property and equipment	10,097,314	10,162,357
Less accumulated depreciation	<u>(3,526,206)</u>	<u>(3,469,440)</u>
Property and equipment - net	<u>\$ 6,571,108</u>	<u>\$ 6,692,917</u>

Depreciation expense for the six month period ended December 31, 2021 and the year ended June 30, 2021 was \$118,074 and \$264,162 respectively.

NOTE 6 2020 PPP LOAN

As noted in Note 2, on March 27, 2020 the Coronavirus Aid, Relief and Economic Security ("CARES") Act was established. This created the Paycheck Protection Program ("PPP") loan program. The PPP loan program provides that all or a portion of the loan may be forgiven if a borrower incurs certain eligible expenses during an allowable period following receipt of the funds. PPP loans carry an interest rate of 1% until forgiven, due in 2 years if not forgiven and are unsecured. The CARES Act also established Economic Injury Disaster Loans ("EIDL"). For entities that received both PPP and EIDL, any forgiveness on PPP is to a maximum of the excess of PPP over EIDL.

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On May 2, 2020 MEND received a PPP loan in the amount of \$285,600. As of June 30, 2020 management determined that MEND had earned \$227,979 of forgiveness on the PPP loan. Subsequently, management determined it had earned forgiveness on the balance of the PPP loan. In February 2021 MEND received notification that the full PPP loan was forgiven.

The balance due under the PPP loan at December 31, 2021 and June 30, 2021 is as follows:

PPP loan funds received	\$	285,600
Less, estimated forgiveness earned through June 30, 2020		<u>(195,228)</u>
Balance payable on PPP loan at June 30, 2020		90,372
Less, estimated forgiveness earned through June 30, 2021		<u>(90,372)</u>
Balance payable on PPP loan at June 30, 2021 and December 31, 2021	\$	<u>-</u>

NOTE 7 NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions comprised the following as of December 31, 2021 and June 30, 2021:

	<u>12/31/2021</u>	<u>06/30/2021</u>
Undesignated	\$ <u>8,834,719</u>	\$ <u>8,921,238</u>
Board designated		
Investment fund	775,589	747,417
Operating reserve fund	<u>513,419</u>	<u>513,393</u>
Total Board designated	<u>1,289,008</u>	<u>1,260,810</u>
Total net assets without donor restrictions	\$ <u>10,123,727</u>	\$ <u>10,182,048</u>

Board designated funds

With proceeds from the sale of a property in 2019, the Organization created two separate board designated funds. One fund is an investment fund. The goal of the investment fund (also referred to as the Board Designated Reserve) is to support the Organization into the future or to respond to catastrophic or unforeseen major events.

The second board designated fund is an operating reserve fund to be used for short-term cash shortages, to finance any delays in expected funding or to fund the inception of a new program. These funds are

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to be replenished within 180 days of use or, if longer, the board will be given written justification for any delay in replenishment. The operating reserve is available for use in the next 12 months if necessary and therefore not included in the unavailable funds within one year referred to below in Note 9. Use of both funds requires board approval.

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2021 and June 30, 2021:

	<u>12/31/2021</u>	<u>06/30/2021</u>
Endowment funds	\$ 176,156	\$ 176,156
Family support program	25,275	25,345
COVID related programs	-	241,687
Pathways to Wellness	15,000	-
CNP	24,628	-
Events	-	1,050
Here We Thrive	58,269	-
General operations – time restricted	<u>-</u>	<u>100,000</u>
Total net assets with donor restrictions	\$ <u>299,328</u>	\$ <u>544,238</u>

NOTE 8 ENDOWMENT

The Organization received its first endowment gift from a donor during the year ended June 30, 2021, the earnings of which may be used for general operations. The assets were held in a money market fund during the year ended June 30, 2021 and the six month period ended December 31, 2021, pending finalization of the Organization's endowment investment and spend policies. Accordingly, there are no endowment earnings or appropriations during the six month period ended December 31, 2021.

The policies have been developed in conformity with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

Changes in endowment net assets during the six month period ended December 31, 2021 was as follows:

Balance at June 31, 2021	\$ 176,156
Contributions	-
Investment income	-
Appropriation of endowment income for expenditures	<u>-</u>
Balance at December 31, 2021	\$ <u>176,156</u>

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Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for its 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. Under this policy the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 4 to 6% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization adopted a spending policy which provides a stable spend rate over time. The overall goal for endowment assets is to produce a real (after inflation) average annual rate of return, net of fees, which will provide for a 2% to 4% annual spending policy distribution. Actual results during any period may vary from these expectations.

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 requires. There were no funds with deficiencies as of December 31, 2021.

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its financial assets available within one year of the balance sheet date for expenditures on a quarterly basis. As of December 31, 2021, the balance available is as follows:

Cash and cash equivalents	\$	1,171,599
Investments at fair value		2,306,123
Contributions receivable		<u>252,238</u>
Total financial assets available		3,729,960
Less those unavailable for expenditure within one year due to:		
Restricted by donor with time or purpose restrictions		(299,328)
Restricted by Board designation		<u>(775,589)</u>
Financial assets available to meet cash needs within one year	\$	<u>2,655,043</u>

The income generated by donor restricted funds during the year is generally available for all expenditures. As part of the Organization's liquidity management the Organization prepares on a

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monthly basis, 12-month rolling cash requirement projections which are used to ensure that needed balances are liquid and available for payment of general expenses in the near term. In addition, the Organization employs an extensive annual budgeting process and strategic planning process to ensure the Organization will continue to be poised to have funds available to pay general expenses in the long term.

NOTE 10 CONTINGENCIES

Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantors. Although, that is a possibility, management deems the contingency remote, since by accepting the grants and their terms, management is acknowledging the requirements of the grantor at the time of receipt of the grant.

NOTE 11: SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through June 30, 2022, the date which the financial statements were available to be issued. There were no subsequent events noted that would require adjustments to or disclosures in these financial statements.