

MEND-MEET EACH NEED WITH DIGNITY

FINANCIAL REPORT

For the year ended
June 30, 2014
with comparative totals for the
year ended June 30, 2013

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of MEND - Meet Each Need with Dignity, a California not-for-profit corporation (the "Organization"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 the financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 the Organization as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of MEND - Meet Each Need with Dignity as of June 30, 2013, were audited by other auditors whose report dated November 1, 2013, expressed an unmodified opinion on those statements.

Report on Summarized Comparative Information

As noted above, a predecessor auditor previously audited the Organization's financial statements for the year ended June 30, 2013, and their report dated November 1, 2013 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gumbrin Sonett Inc.

December 2, 2014

MEND - MEET EACH NEED WITH DIGNITY
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS		
	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 253,862	\$ 494,496
Short term investments	1,406	1,389
Contributions receivable	108,285	212,408
Inventories	379,882	434,170
Prepaid expenses	16,473	18,371
Total Current Assets	759,908	1,160,834
 PROPERTY AND EQUIPMENT, at cost,		
net of accumulated depreciation	9,434,258	9,730,673
 OTHER ASSETS		
Security deposit	3,065	3,065
TOTAL ASSETS	\$ 10,197,231	\$ 10,894,572
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 181,089	\$ 153,185
Security deposit	12,915	12,915
Line of credit	-	75,000
Deferred lease incentive	-	20,235
Notes payable	-	125,146
Total Current Liabilities	194,004	386,481
 NET ASSETS		
Unrestricted		
Designated	32,684	30,476
Undesignated	9,757,404	10,094,727
Temporarily restricted	213,139	382,888
Total Net Assets	10,003,227	10,508,091
TOTAL LIABILITIES AND NET ASSETS	\$ 10,197,231	\$ 10,894,572

See accompanying independent auditor's report and notes to financial statements.

MEND - MEET EACH NEED WITH DIGNITY
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2014 with comparative
totals for the year ended June 30, 2013

SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Contributions				
Foundations	\$ 1,201,835	\$ 57,750	\$ 1,259,585	\$ 1,151,674
Individuals	454,245	79,000	533,245	479,549
Businesses and other organizations	267,791	10,000	277,791	852,243
In-kind	10,933,570	-	10,933,570	10,156,399
Special events and other income	329,630	39,815	369,445	283,381
Program income	221,295	-	221,295	215,871
Rental income	173,493	-	173,493	169,370
Net assets released from program restrictions	356,314	(356,314)	-	-
TOTAL SUPPORT AND REVENUE	<u>13,938,173</u>	<u>(169,749)</u>	<u>13,768,424</u>	<u>13,308,487</u>
 OPERATING EXPENSES				
Program services	13,522,067	-	13,522,067	12,556,894
Management and general	255,704	-	255,704	199,201
Fundraising	495,517	-	495,517	423,601
Capital campaign fund	-	-	-	3,025
TOTAL OPERATING EXPENSES	<u>14,273,288</u>	<u>-</u>	<u>14,273,288</u>	<u>13,182,721</u>
 CHANGES IN NET ASSETS	(335,115)	(169,749)	(504,864)	125,766
 NET ASSETS - BEGINNING OF YEAR	<u>10,125,203</u>	<u>382,888</u>	<u>10,508,091</u>	<u>10,382,325</u>
 NET ASSETS - END OF YEAR	<u>\$ 9,790,088</u>	<u>\$ 213,139</u>	<u>\$ 10,003,227</u>	<u>\$ 10,508,091</u>

See accompanying independent auditor's report and notes to financial statements.

MEND - MEET EACH NEED WITH DIGNITY
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the year ended June 30, 2014 with comparative
 totals for the year ended June 30, 2013

	Program Services					Total Program Services
	Emergency Food Bank	Clothing Center	Education and Training Center	Medical, Dental and Eye care Clinics	Other Program Expense	
Personnel expenses						
Salaries	\$ 248,462	\$ 82,764	\$ 164,442	\$ 227,823	\$ 267,843	\$ 991,334
Payroll taxes	24,810	8,120	15,265	22,729	23,628	94,552
Employee benefits	29,287	11,821	16,931	24,059	21,513	103,611
Total personnel expenses	<u>302,559</u>	<u>102,705</u>	<u>196,638</u>	<u>274,611</u>	<u>312,984</u>	<u>1,189,497</u>
Non-personnel expenses						
Donated goods and services	7,226,254	2,318,094	-	1,441,406	2,105	10,987,859
Auto	21,540	4,620	-	-	-	26,160
Bad debts	-	-	-	-	-	-
Client database development	-	-	-	-	49,890	49,890
Clinics	-	-	-	182,474	-	182,474
Computer	1,643	1,474	2,939	3,181	2,003	11,240
Depreciation	103,613	41,687	33,525	102,707	32,020	313,552
Equipment	4,959	1,995	1,580	6,165	2,132	16,831
Food	2,748	-	-	-	-	2,748
Professional fundraising services	-	-	-	-	-	-
General program	27,424	6,593	23,930	7,278	18,465	83,690
Home gardening program	48,916	-	-	-	-	48,916
Insurance	29,767	8,436	5,542	22,197	5,197	71,139
Interest	1,085	437	351	1,075	335	3,283
Janitorial	12,453	5,010	9,130	12,344	3,848	42,785
Office	5,128	2,059	1,633	6,021	1,404	16,245
Postage and printing	3,440	1,256	1,012	3,110	2,515	11,333
Professional fees	10,189	4,099	3,301	10,100	7,312	35,001
Property taxes	1,786	719	579	1,770	552	5,406
Medical and laboratory	-	-	-	96,827	-	96,827
Repairs and maintenance	28,239	7,311	10,865	20,757	4,527	71,699
Rent	7,409	2,981	2,400	7,344	2,290	22,424
Security	68	27	198	68	5,941	6,302
Special events	-	-	-	-	-	-
Supplies	4,472	542	4,951	76,383	1,680	88,028
Telephone	277	111	4,131	274	85	4,878
Volunteer development	-	-	-	-	11,465	11,465
Utilities	30,406	12,233	40,225	30,140	9,391	122,395
Total non-personnel expenses	<u>7,571,816</u>	<u>2,419,684</u>	<u>146,292</u>	<u>2,031,621</u>	<u>163,157</u>	<u>12,332,570</u>
Total expenses	<u>\$ 7,874,375</u>	<u>\$ 2,522,389</u>	<u>\$ 342,930</u>	<u>\$ 2,306,232</u>	<u>\$ 476,141</u>	<u>\$ 13,522,067</u>
Percentage of total operating expenses	<u>55.2%</u>	<u>17.7%</u>	<u>2.4%</u>	<u>16.2%</u>	<u>3.3%</u>	<u>94.7%</u>

See accompanying independent auditor's report and notes to financial statements.

(Continued)

MEND - MEET EACH NEED WITH DIGNITY
 STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
 For the year ended June 30, 2014 with comparative
 totals for the year ended June 30, 2013

	<u>Management and General</u>	<u>Fundraising</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
Personnel expenses				
Salaries	\$ 196,949	\$ 201,648	\$ 1,389,931	\$ 1,202,921
Payroll taxes	17,504	5,710	117,766	100,144
Employee benefits	<u>3,756</u>	<u>7,475</u>	<u>114,842</u>	<u>97,383</u>
Total personnel expenses	<u>218,209</u>	<u>214,833</u>	<u>1,622,539</u>	<u>1,400,448</u>
Non-personnel expenses				
Donated goods and services	-	-	10,987,859	10,142,982
Auto	-	-	26,160	23,943
Bad debts	-	-	-	5,000
Client database development	-	-	49,890	79,829
Clinics	-	-	182,474	127,319
Computer	29	1,392	12,661	11,916
Depreciation	10,573	11,479	335,604	353,954
Equipment	533	549	17,913	36,690
Food	-	-	2,748	5,548
Professional fundraising services	-	65,892	65,892	65,000
General program	2,009	1,264	86,963	66,752
Home gardening program	-	-	48,916	57,925
Insurance	1,936	2,091	75,166	106,874
Interest	4,443	120	7,846	11,769
Janitorial	1,271	1,380	45,436	46,765
Office	7,450	3,881	27,576	28,501
Postage and printing	319	70,364	82,016	71,099
Professional fees	2,307	1,129	38,437	46,080
Property taxes	182	198	5,786	5,941
Medical and laboratory	-	-	96,827	82,301
Repairs and maintenance	1,471	2,330	75,500	50,494
Rent	756	821	24,001	26,531
Security	7	8	6,317	11,055
Special events	-	110,051	110,051	86,416
Supplies	410	4,013	92,451	79,945
Telephone	696	357	5,931	5,897
Volunteer development	-	-	11,465	20,650
Utilities	<u>3,103</u>	<u>3,365</u>	<u>128,863</u>	<u>125,097</u>
Total non-personnel expenses	<u>37,495</u>	<u>280,684</u>	<u>12,650,749</u>	<u>11,782,273</u>
Total expenses	<u>\$ 255,704</u>	<u>\$ 495,517</u>	<u>\$ 14,273,288</u>	<u>\$ 13,182,721</u>
Percentage of total operating expenses	<u>1.8%</u>	<u>3.5%</u>	<u>100.0%</u>	

See accompanying independent auditor's report and notes to financial statements.

MEND - MEET EACH NEED WITH DIGNITY
 STATEMENTS OF CASH FLOWS
 For years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (504,864)	\$ 125,766
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	335,604	353,954
Forgiveness of note payable	(15,966)	-
Bad debts	-	5,000
Changes in assets and liabilities:		
Contributions receivable	104,106	(110,003)
Inventory	54,288	(13,417)
Prepaid expenses	1,898	(5,824)
Security deposits	-	(2,350)
Accounts payable and accrued expenses	27,904	27,324
Deferred lease incentive	<u>(20,235)</u>	<u>20,235</u>
Net cash (used in) provided by operating activities	<u>(17,265)</u>	<u>400,685</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(39,189)</u>	<u>(112,731)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayment) under line of credit	(75,000)	75,000
Repayment of notes payable	<u>(109,180)</u>	<u>(112,417)</u>
Net cash used in financing activities	<u>(184,180)</u>	<u>(37,417)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(240,634)	250,537
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>494,496</u>	<u>243,959</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ <u>253,862</u></u>	<u>\$ <u>494,496</u></u>

See accompanying independent auditor's report and notes to financial statements.

MEND - MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

MEND – Meet Each Need with Dignity (“MEND” or the “Organization”) is a community-based, California non-profit public benefit corporation which provides individuals in need, who reside within the Northeast San Fernando Valley, with basic human needs and empowerment services. The Organization is supported primarily through donor contributions from individuals, foundations and businesses, as well as through in-kind contributions.

MEND offers food, clothing, medical, eye care, and dental services, multi-benefit screenings, and education and training services for those in need. MEND sponsors the following programs:

Emergency Food Bank

The Emergency Food Bank prepares and directly distributes to individuals food baskets several times a week using donated food collected from various organizations. MEND distributes excess food to smaller pantries and non-profit organizations each month. The Organization operates food distribution sites in the San Fernando Valley.

Clothing Center

The Clothing Center receives donations of usable clothing and small household items which are distributed to needy families. Clothing Center personnel also coordinate baby showers, dress-up events for teens, and other events to support families in need.

Education and Training Center

The Education and Training Center offers instruction in English as a second language, a computer lab, sewing training, job training, after-school and Saturday programs for children, in addition to other activities.

Medical, Dental and Eye Care Clinics

The Medical, Dental and Eye Care Clinics are staffed by volunteer health professionals and provide free health, dental and vision care, including laboratory services and pharmaceuticals to uninsured and low-income patients. Specialty clinics include vision, diabetes and hypertension education and treatment, a women’s clinic, healthy aging, chiropractic treatment and acupuncture.

Other Programs

Home Visiting Program

The Home Visiting Program volunteers meet with families and refer them to appropriate MEND programs and community agencies.

Shower Program

The Shower Program offers showers, a change of clothing and other services to those who are homeless.

(Continued)

See accompanying independent auditor’s report.

MEND - MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the years ended June 30, 2014 and 2013

Other Programs (Continued):

Christmas Basket Program

The Christmas Basket Program distributes baskets of donated food, blankets and toys for up to 1,000 needy families during the holidays.

Gardening Program

The Gardening Program supplies local families with the education and tools needed to start and maintain a garden in their homes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

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.

Basis of presentation:

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. It is the policy of the Organization to record restricted support as unrestricted support when the donor-restrictions have been satisfied within the reporting period. Temporarily restricted net assets consist of contributions received from businesses and foundations that are subject to donor-imposed restrictions either for a specific purpose or subject to the passage of time. The Organization had no permanently restricted net assets as of June 30, 2014.

Use of estimates:

The preparation of financial statements in conformity with generally accepted 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.

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 accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

(Continued)

See accompanying independent auditor's report.

MEND - MEET EACH NEED WITH DIGNITY
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the years ended June 30, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment:

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:

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

Inventory:

Inventory consists of donated food, clothing, household items, pharmaceuticals and clinic supplies. Donated items are valued at their estimated fair value using national average prices for food and clothing.

Contributions and promises to give:

All contributions are considered to be 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 temporarily restricted support that increases that net asset class. When a donor 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 Statement of Activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases 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 promises become unconditional.

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.

Contributions receivable:

Contributions receivable consist primarily of unpaid foundation, corporate and individual contributions. Management considers the receivables recorded at June 30, 2014 to be fully collectible.

(Continued)

See accompanying independent auditor's report.

MEND - MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the years ended June 30, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes:

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code (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 Accounting Standards Codification (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.

Management has evaluated its tax positions using the guidance of ASC Topic 450, "Contingencies", and has concluded that a provision for a tax liability is not necessary at June 30, 2014. The Organization files its form 990 in the U.S. 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. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before fiscal year 2010 or California examinations for years before 2009.

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 nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by donation, are recorded at fair value in the period received. Other donated services from volunteers who provide services such as drivers, cooks, clothing and food distribution helpers, teachers, administrative assistants 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 they received approximately 175,000 and 168,000 volunteer hours during the years ended June 30, 2014 and 2013, respectively. This is the equivalent of 96 and 92 full-time employees, respectively. For the year ended June 30, 2014, the Organization recorded total in-kind contributions of \$10,933,570, which consisted of \$9,648,429 of food, clothing, medical and dental supplies and \$1,285,141 of donated professional medical and dental services.

Cash and cash equivalents:

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

See accompanying independent auditor's report.

MEND - MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the years ended June 30, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived assets:

The Organization reviews for the impairment of long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted 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 years ended June 30, 2014 or 2013.

Reclassifications:

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

NOTE 2: CONCENTRATIONS

Cash and cash equivalents:

The Organization maintains cash balances at several banks where amounts on deposit may exceed \$250,000 throughout the year. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Contributions receivable:

As of June 30, 2014, there were two donors that accounted for approximately 65% of contributions receivable. As of June 30, 2013, these two plus one additional donor accounted for approximately 83% of contributions receivable.

Support and revenue:

For the year ended June 30, 2014, there were three food donors that accounted for approximately 33% of the Organization's total support and revenue. For the year ended June 30, 2013, one of these food donors accounted for approximately 14% of the Organization's total support and revenue.

See accompanying independent auditor's report.

MEND - MEET EACH NEED WITH DIGNITY
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the years ended June 30, 2014 and 2013

NOTE 3: INVENTORIES

As of June 30, 2014 and 2013, inventories consisted of the following:

	<u>2014</u>	<u>2013</u>
Food	\$ 253,508	\$ 320,483
Clothing	23,553	17,784
Medical	39,081	31,387
Dental	63,740	64,516
	<u>\$ 379,882</u>	<u>\$ 434,170</u>

NOTE 4: PROPERTY AND EQUIPMENT

As of June 30, 2014 and 2013, property and equipment consisted of the following:

	<u>2014</u>	<u>2013</u>
Building	\$ 8,549,337	\$ 8,549,337
Land	1,440,834	1,440,834
Building improvements	1,600,972	1,590,678
Equipment	548,651	519,756
Vehicles	262,990	262,990
	<u>12,402,784</u>	<u>12,363,595</u>
Less accumulated depreciation	<u>2,968,526</u>	<u>2,632,922</u>
	<u>\$ 9,434,258</u>	<u>\$ 9,730,673</u>

NOTE 5: LINE OF CREDIT

The Organization has entered into an unsecured credit agreement with a bank through July 25, 2015 under which it may borrow up to \$250,000. Interest is payable monthly at the prime rate plus 3.75%. There were no borrowings outstanding at June 30, 2014. Borrowings outstanding as of June 30, 2013 amounted to \$75,000.

See accompanying independent auditor's report.

MEND - MEET EACH NEED WITH DIGNITY
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the years ended June 30, 2014 and 2013

NOTE 6: NOTES PAYABLE

As of June 30, 2014, there were no outstanding notes payable. As of June 30, 2013, there were two notes payable consisting of the following:

Note payable, amounting to \$109,180 as of June 30, 2013 that was payable to the Valley Economic Development Center, secured by land and a building, originally scheduled to mature in August 2017. The Organization repaid this note during the year ended June 30, 2014.

Note payable, amounting to \$15,966 as of June 30, 2013 that was payable to a board member of the Organization which was unsecured and scheduled to mature in August 2017. The board member forgave repayment of this note during the year ended June 30, 2014. This loan forgiveness is reported under contributions income from individuals on the statement of activities during the year ended June 30, 2014.

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2014 and 2013, temporarily restricted net assets consisted of the following:

	2014	2013
Client outcome development	\$ 21,525	\$ 139,000
Dental clinic	-	93,798
Home gardening program and food distribution	10,000	81,408
Youth services	17,500	-
Jobs program	118,815	-
Medical and vision clinics	33,667	57,214
Capital campaign	8,632	8,632
Other programs	3,000	2,836
	<u>\$ 213,139</u>	<u>\$ 382,888</u>

NOTE 8: 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 gifts and their terms, management is acknowledging the requirements of the grantor at the time of receipt of the grant.

See accompanying independent auditor's report.

MEND - MEET EACH NEED WITH DIGNITY
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the years ended June 30, 2014 and 2013

NOTE 9: COMMITMENTS

The Organization has entered into a commercial lease agreement, for a parking lot to be used for administrative employee parking, expiring August 30, 2015. Lease payments are due at the rate of \$2,000 per month.

The Organization also entered into an operating lease agreement for a new color copier. The lease is payable \$1,061 per month and expires on June 30, 2018.

Future minimum lease payments at June 30, 2014 are as follows:

<u>Years Ending June 30,</u>		
2015	\$	37,000
2016		17,000
2017		13,000
2018		<u>13,000</u>
	\$	<u>80,000</u>

Total rent expense for the years ended June 30, 2014 and 2013, amounted to approximately \$40,000 and \$27,000, respectively.

The Organization rented one of its owned facilities to an unrelated entity under a lease agreement that expired in August 2014. This lease was not renewed and the Organization is subsequently occupying this facility. Rental income received under this agreement amounted to approximately \$173,000 and \$169,000 for the years ended June 30, 2014 and 2013, respectively.

NOTE 10: SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through December 2, 2014, the date which the financial statements were available to be issued. Except as disclosed in Note 9 regarding rental income, there were no subsequent events noted that would require adjustment to or disclosure in these financial statements.

See accompanying independent auditor's report.