MEND – Meet Each Need with Dignity

Audited Financial Statements

As of and for the Year Ended June 30, 2021
(With Comparative Summarized Financial Information as of and for the Year Ended June 30, 2020)

MEND – Meet Each Need with Dignity

Financial Statements

For the Year Ended June 30, 2021

MEND – Meet Each Need with Dignity

Contents

Lewis Sharpstone & Co.
5850 Canoga Ave, Suite 400
Woodland Hills, CA 91367
www.sharpstonecpa.com

Independent Auditor's Report

LS & Co.

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

I have audited the accompanying financial statements of MEND – Meet Each Need with Dignity, which comprise the statement of financial position as of June 30, 2021, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 June 30, 2021, 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.

Other matter

Report on Summarized Comparative Information

I have previously audited MEND – Meet Each Need with Dignity's 2020 financial statements, and I expressed and unmodified audit opinion on those financial statements in my report dated December 24, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lewis Sharpstone & Co.

Woodland Hills, California,
December 8, 2021

Financial Statements

MEND – Meet Each Need with Dignity

Statement of Financial Position
June 30, 2021
(With Comparative Totals as of June 30, 2020)

		2021		2020
Assets				
Cash and cash equivalents	$	**1,431,681**	$	1,246,413
Investments		**2,277,847**		1,863,285
Contributions receivable		**202,440**		42,919
Inventories		**379,782**		209,838
Prepaid expenses		**55,252**		19,370
Assets held for sale		-		45,000
Property and Equipment, net		**6,692,917**		6,916,102
Total Assets	$	**11,039,919**	$	10,342,927
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	**313,633**	$	268,275
PPP Loan payable		-		90,372
Total Liabilities		**313,633**		358,647
Net Assets				
Without donor restrictions				
Undesignated		**8,921,238**		8,438,422
Board designated		**1,260,810**		1,183,289
Total net assets without donor restrictions		**10,182,048**		9,621,711
With donor restrictions		**544,238**		362,569
Total Net Assets		**10,726,286**		9,984,280
Total Liabilities and Net Assets	$	**11,039,919**	$	10,342,927

See accompanying notes to financial statements.

MEND – Meet Each Need with Dignity

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Without donor restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Contributions				
Foundations	$ 927,268	$ 134,000	$ 1,061,268	$ 1,717,024
Individuals	1,198,152	176,156	1,374,308	874,298
Businesses and other organizations	156,370	56,411	212,781	278,790
In-kind	6,360,126	-	6,360,126	6,277,667
Special events and other income	65,038	-	65,038	78,286
Government income	791,350	315,000	1,106,350	-
Program income	1,470	-	1,470	34,692
Rental income	7,021	-	7,021	-
Investment income	86,962	-	86,962	58,791
Gain on sale of assets	19,501	-	19,501	-
Forgiveness of PPP loan recognized	90,372	-	90,372	195,228
Net assets released from restrictions	499,898	(499,898)	-	-
Total Support and Revenue	10,203,528	181,669	10,385,197	9,514,776
Expenses:				
Program services	8,609,786	-	8,609,786	8,405,529
Management and general	438,807	-	438,807	443,439
Fundraising	594,598	-	594,598	586,607
Total Expenses	9,643,191	-	9,643,191	9,435,575
Change in Net Assets	560,337	181,669	742,006	79,201
Net Assets, beginning of year	9,621,711	362,569	9,984,280	9,905,079
Net Assets, end of year	$ 10,182,048	$ 544,238	$ 10,726,286	$ 9,984,280

See accompanying notes to financial statements.

MEND – Meet Each Need with Dignity

Statement of Functional Expenses
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Expenses	Management & General Expenses	Fundraising Expenses	2021 Total Expenses	2020 Total Expenses
Salaries and wages	$ 1,248,300	$ 280,364	$ 391,237	$ 1,919,901	$ 1,669,984
Payroll taxes	93,963	22,067	30,647	147,677	121,828
Employee benefits	98,512	23,422	33,251	155,185	145,641
Donated goods and services	6,189,372	-	-	6,189,372	6,291,194
Auto	54,313	-	-	54,313	34,837
Contract services	96,115	17,208	22,815	136,138	173,705
Equipment	75,720	6,511	3,807	86,038	29,677
Food	186,814	-	-	186,814	21,080
Fundraising consultants	-	-	68,970	68,970	67,019
Insurance	20,509	26,859	823	48,191	62,673
Interest	-	-	-	-	4,145
Licenses and permits	26,507	2,192	6,615	35,314	37,315
Office supplies	20,252	6,832	15,343	42,427	41,463
Postage and printing	17,243	3,569	3,526	24,338	35,817
Professional fees	-	33,933	-	33,933	19,265
Property taxes	3,756	133	126	4,015	4,206
Marketing and advertising	-	-	-	-	4,331
Medical and lab	-	-	-	-	50,028
Repairs and maintenance	19,734	446	511	20,691	38,177
Special events	-	-	3,375	3,375	7,655
Supplies	154,796	3,240	1,974	160,010	66,872
Telephone	9,142	1,110	1,572	11,824	9,662
Utilities	47,603	2,178	1,722	51,503	71,196
Loss on assets related to discontinued operations	-	-	-	-	155,300
Depreciation	247,135	8,743	8,284	264,162	272,505
	$ 8,609,786	$ 438,807	$ 594,598	$ 9,643,191	$ 9,435,575

See accompanying notes to financial statements.

MEND – Meet Each Need with Dignity

Statement of Cash Flows
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	$ **742,006**	$ 79,201
Adjustments to reconcile change in net assets to net assets provided by operating activities		
Depreciation	**264,162**	272,505
Gain on sale of assets	**(19,501)**	-
Forgiveness of PPP loan recognized	**(90,372)**	(195,228)
Change in donated inventories	**(169,944)**	15,429
Gains on sale of investments	**(71,027)**	-
Loss on assets related to discontinued operations	-	155,300
Changes in operating assets and liabilities		
Contributions receivable	**(159,521)**	80,055
Prepaid expenses	**(35,882)**	2,778
Accounts payable and accrued expenses	**45,358**	73,304
Net cash provided by operating activities	**505,279**	483,344
Cash flows from investing activities		
Proceeds from sale of property and equipment	**78,083**	-
Purchase of property and equipment	**(54,559)**	-
Proceeds from sale of investments	-	215,903
Purchases of investments	**(343,535)**	-
Net cash (used) provided by investing activities	**(320,011)**	215,903
Cash flows from financing activities		
Received from PPP loan	-	285,600
Net cash provided by financing activities	-	285,600
Change in cash	**185,268**	984,847
Cash - beginning of year	**1,246,413**	261,566
Cash - end of year	$ **1,431,681**	$ 1,246,413

See accompanying notes to financial statements.

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.

Clothing Center
The clothing center receives donations of new and gently used clothing, shoes, and accessories, as well as diapers and wipes, which are distributed at no cost to individuals and families in need.

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 2020
After 18 months of pursuing alternatives, on January 30, 2020, MEND’s Board of Directors voted to close MEND’s Medical, Dental, and Eye Care programs. MEND collaborated with several local community clinics and FQHCs to ensure a smooth transition and continued care for its patients. In addition, MEND assisted and supported staff affected by these closures in finding alternative employment. Donors and funders were informed. Clinic operations ceased on March 6, 2020.

The medical, dental and eye care clinics were primarily staffed by volunteer health professionals and had provided free health, dental and vision care, including laboratory services and pharmaceuticals to uninsured and low-income patients.

This decision was not taken lightly. The primary factor driving the decision was the large monthly deficit that these programs were together incurring. Closing these programs will enable MEND to sustain itself and its mission for the foreseeable future and implement its current strategic plan which calls for deeper engagement with MEND's clients to help break cycles of generational poverty, increase their independence, and improve their overall wellbeing.

NOTE 2- 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 ("GAAP")

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 8 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 8 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, 2020, from which the summarized information was derived.

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.

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.

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 year end of June 30, 2021, the organization recorded total in-kind contributions of food, clothing and pandemic assistance supplies (masks, hand sanitizers etc.) of $6,360,126. For the year end of June 30, 2020, the organization record total in-kind contributions of $6,277,667 which consisted of $5,758,915 of food, clothing, medical and dental supplies and $518,752 of donated professional medical and dental services.

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 22,336 and 48,350 volunteer hours during the years ended June 30, 2021 and 2020, 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.

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 consist 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 June 30, 2021 to be fully collectible.

Inventory

Inventory at June 30, 2021 and 2020 consists of donated food, clothing and in 2021, 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.

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

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 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 years ended June 30, 2021, or June 30, 2020 other than those resulting from the discontinued operations in 2020 as noted.

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 are currently no audits for any tax periods in progress. The Organization remains subject to income tax examination for 2017 and subsequent years (for federal) and 2016 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: As of June 30, 2021, there were two donors that accounted for approximately 78% of contributions receivable. No significant such concentrations existed at June 30, 2020.

Support and Revenue: For the years end of June 30, 2021 and 2020, there were two and one food donor(s) that accounted for approximately 35% and 19% of the Organization's total support and revenue, respectively.

Recent Accounting Pronouncements
In May 2014, The FASB issued ASU NO. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The standard provides companies with a single model for accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific revenue guidance. The core principle of the model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. ASU 2014-09 is effective for the Organization in its year ended June 30, 2021. The Organization adopted this ASU in this financial statement and there were no material effects of this adoption on the Organization's financial statements.

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 June 30, 2023. The Organization is in the process of evaluating the impact of adoption on its 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 June 30, 2021 and 2020:

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

2020 Asset Class	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 73,921	$ -	$ -	$ 73,921
T-bills and corporate bonds	1,478,123	78,266		1,556,389
Equities	232,975	-	-	232,975
Total	$ 1,785,019	$ 78,266	$ -	$ 1,863,285

Investment balances as of June 30, 2021 and 2020 are held for the following purpose:

	2021	2020
Investments with board designations	$ 1,260,810	$ 1,183,289
Endowment investments	176,156	
Investments without board designations	840,881	679,996
Total	$ 2,277,847	$ 1,863,285

Total Investment income for the year ended June 30, 2021 and 2020 was $86,962 and $58,791 respectively.

NOTE 4 INVENTORIES

As of June 30, 2021 and 2020, inventories consisted of the following:

	2021	2020
Food	$ 285,009	$ 153,841
Clothing	48,738	55,997
Hope and care items	46,035	-
Total	$ 379,782	$ 209,838

As of June 30, 2021 and 2020, food inventories consisted of 163,798 and 94,964 pounds valued at $1.74 and $1.62 per pound, respectively. The value is based on relevant research from a leading nonprofit organization on national average prices for food.

NOTE 5 PROPERTY AND EQUIPMENT

As of June 30, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Land	$ 1,094,728	$ 1,094,728
Building	8,544,396	8,547,506
Equipment	296,208	327,673
Vehicles	227,025	214,429
Total cost of property and equipment	10,162,357	10,184,336
Less accumulated depreciation	(3,469,440)	(3,268,234)
Property and equipment - net	$ 6,692,917	$ 6,916,102

Depreciation expense for the years ended June 30, 2021 and 2020 was $264,162 and $272,505 respectively.

NOTE 6 2020 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

As described in Note 1, during the year ended June 30, 2020 the Organization closed its clinics. On the date of closure MEND owned certain clinic fixed assets and medical supplies and inventories. MEND is in the process of disposing of such assets to another organization and has accounted for such assets as follows:

	Net book value at date of closure	Fair value determined by management	2020 Loss on assets
Clinic equipment	$ 55,733	$ 20,000	$ 35,733
Clinic supplies and inventory	144,567	25,000	119,567
Total	$ 200,300	$ 45,000	$ 155,300

For the year ended June 30, 2020, cash used in operations related to the discontinued operations were as follows:

Change in net assets from discontinued operations	$ (596,427)
Adjustments to reconcile change in net assets from discontinued operations to net cash used in discontinued operations	
Depreciation	46,331
Loss on assets related to discontinued operations	155,300
Net cash (used in) discontinued operations	$ (394.796)

NOTE 7 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.

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 June 30, 2020 and 2021 is as follows:

PPP loan funds received	$	285,600
Less, estimated forgiveness earned through June 30, 2020		(195,228)
Balance payable on PPP loan at June 30, 2020		90,372
Less, estimated forgiveness earned through June 30, 2021		(90,372)
Balance payable on PPP loan at June 30, 2021	$	-

NOTE 8 NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Undesignated	$ 8,921,238	$ 8,438,422
Board designated		
Investment fund	747,417	669,847
Operating reserve fund	513,393	513,442
Total Board designated	1,260,810	1,183,289
Total net assets without donor restrictions	$ 10,182,048	$ 9,621,711

Board designated funds

With proceeds from the sale of 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 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 10. Use of both funds requires board approval.

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Endowment funds	$ 176,156	$ -
Food distribution	-	26,626
Census	-	89,916
Family support program	25,345	12,500
COVID related programs	241,687	74,191
Pathways to Wellness	-	7,036
Events	1,050	2,300
General operations – time restricted	100,000	150,000
Total net assets with donor restrictions	$ 544,238	$ 362,569

NOTE 9 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 pending finalization of the Organization's endowment investment and spend policies. Accordingly, there are no endowment earnings or appropriations during the year ended June 30, 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 year ended June 30, 2021 were as follows:

	With Donor Restrictions
Balance at June 30, 2020	$ -
Contributions	176,156
Investment income	-
Appropriation of endowment income for expenditures	-
Balance at June 30, 2021	$ 176,156

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 June 30, 2021.

NOTE 10 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 June 30, 2021, the balance available is as follows:

Cash and cash equivalents	$ 1,431,681
Investments at fair value	2,277,847
Contributions receivable	202,440
Total financial assets available	3,911,968
Less those unavailable for expenditure within one year due to:	
Restricted by donor with time or purpose restrictions	(544,238)
Restricted by Board designation	(747,417)
Financial assets available to meet cash needs within one year	$ 2,620,313

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 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 11 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 12: SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through December 8, 2021, 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.