

MEND-MEET EACH NEED WITH DIGNITY
FINANCIAL STATEMENTS
JUNE 30, 2013 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2012

STERN, KORY, SREDEN & MORGAN
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MEND-MEET EACH NEED WITH DIGNITY

We have audited the accompanying financial statements of MEND-Meet Each Need With Dignity (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit includes 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 of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 MEND-Meet Each Need With Dignity as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the MEND-Meet Each Need With Dignity's financial statements for the year ended June 30, 2012, and our report dated October 30, 2012 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, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



STERN, KORY, SREDEN & MORGAN
An Accountancy Corporation
Stevenson Ranch, California

November 1, 2013

**MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 494,496	\$ 243,959
Short term investments	1,389	1,372
Accounts receivable	212,408	107,405
Inventory	434,170	420,753
Prepaid expenses	18,371	12,547
Total Current Assets	1,160,834	786,036
PROPERTY AND EQUIPMENT, Net	9,730,673	9,971,913
OTHER ASSETS		
Security deposit	3,065	715
TOTAL ASSETS	\$ 10,894,572	\$ 10,758,664
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 43,514	\$ 37,166
Accrued payroll and payroll taxes	26,452	23,251
Accrued vacation	83,219	65,444
Security deposit	12,915	12,915
Line of credit	75,000	-
Deferred lease incentive	20,235	-
Current portion of long-term debt	53,313	108,060
Total Current Liabilities	314,648	246,836
LONG-TERM LIABILITIES		
Notes payable	71,833	129,503
Total Long-Term Liabilities	71,833	129,503
Total Liabilities	386,481	376,339
NET ASSETS		
Unrestricted		
Designated	30,476	34,949
Undesignated	10,094,727	10,231,181
Temporarily restricted	382,888	116,195
Total Net Assets	10,508,091	10,382,325
TOTAL LIABILITIES AND NET ASSETS	\$ 10,894,572	\$ 10,758,664

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	Unrestricted	Temporarily Restricted		2013 Total	2012 Total
	Total	Capital Campaign	Operating		
SUPPORT AND REVENUE					
Contributions					
Foundations	\$ 414,617	\$ -	\$ 737,057	\$ 737,057	\$ 1,151,674
Individuals	479,099	450	-	450	479,549
Businesses & other organizations	852,243	-	-	-	852,243
In-kind	10,156,399	-	-	-	10,156,399
Special events and other income	283,381	-	-	-	283,381
Program income	215,871	-	-	-	215,871
Rental income	169,370	-	-	-	169,370
Net assets released from program restrictions	467,789	-	(467,789)	(467,789)	-
Total Support and Revenue	13,038,769	450	269,268	269,718	13,308,487
EXPENSES					
Operating Expenses					
Programs	12,556,894	-	-	-	12,556,894
Management and general	199,201	-	-	-	199,201
Fundraising	423,601	-	-	-	423,601
Capital campaign fund	-	3,025	-	3,025	3,025
Total Operating Expenses	13,179,696	3,025	-	3,025	13,182,721
CHANGE IN NET ASSETS	(140,927)	(2,575)	269,268	266,693	125,766
NET ASSETS, BEGINNING OF YEAR	10,266,130	11,207	104,988	116,195	10,382,325
NET ASSETS, END OF YEAR	\$ 10,125,203	\$ 8,632	\$ 374,256	\$ 382,888	\$ 10,508,091

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	Program Expenses					Total Program Expenses
	Food Distribution	Clothing	Education & Training Center	Medical, Dental, Vision	Other Program Expenses	
Compensation & Related Expenses:						
Salaries	\$ 229,221	\$ 86,433	\$ 146,768	\$ 218,539	\$ 215,498	\$ 896,459
Payroll taxes	16,249	6,868	11,896	16,715	22,434	74,162
Employee benefits	18,642	11,216	15,249	18,409	20,374	83,890
	<u>264,112</u>	<u>104,517</u>	<u>173,913</u>	<u>253,663</u>	<u>258,306</u>	<u>1,054,511</u>
Other Expenses:						
Donated goods and services	6,642,758	2,327,205	-	1,173,019	-	10,142,982
Auto expenses	18,599	4,490	-	102	752	23,943
Bad debt	-	-	-	-	-	-
Client database development	-	-	-	-	79,829	79,829
Clinics	-	-	-	127,319	-	127,319
Computer expense	1,824	1,358	2,350	3,472	1,502	10,506
Depreciation	109,277	43,966	35,361	108,322	33,771	330,697
Equipment	8,680	4,241	12,043	7,635	2,507	35,106
Food	5,548	-	-	-	-	5,548
Professional fundraising services	-	-	-	-	-	-
General program expenses	35,085	-	12,468	-	19,199	66,752
Home gardening program	57,925	-	-	-	-	57,925
Insurance	40,107	12,124	7,476	19,690	21,348	100,745
Interest	3,917	1,410	1,134	3,474	1,083	11,018
Janitorial	12,485	5,023	10,368	12,374	3,858	44,108
Licenses and permits	3,598	186	354	20	13	4,171
Office expenses	2,873	1,702	5,884	7,140	4,497	22,096
Postage and printing	2,485	828	667	2,040	1,586	7,606
Professional fees	13,079	4,732	5,052	15,081	3,347	41,291
Property taxes	1,834	738	594	1,818	567	5,551
Medical and laboratory expenses	-	-	-	82,301	-	82,301
Repairs and maintenance	15,817	3,402	11,011	12,467	2,828	45,525
Rent	9,101	3,661	-	9,020	2,812	24,594
Security	800	343	2,400	866	6,436	10,845
Special events	-	-	-	-	-	-
Supplies	6,946	6,736	6,887	55,521	2,726	78,816
Telephone	283	151	4,128	624	462	5,648
Volunteer development	644	-	2,570	5	17,431	20,650
Utilities	22,519	11,002	40,665	28,632	13,993	116,811
	<u>\$ 7,280,296</u>	<u>\$ 2,537,815</u>	<u>\$ 335,325</u>	<u>\$ 1,924,605</u>	<u>\$ 478,853</u>	<u>\$12,556,894</u>
Percentage of total operating expenses	<u>55.2%</u>	<u>19.3%</u>	<u>2.5%</u>	<u>14.6%</u>	<u>3.6%</u>	<u>95.2%</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	Management and General	Fundraising	Capital Campaign	2013 Total	2012 Total
Compensation & Related Expenses:					
Salaries	\$ 143,165	\$ 163,297	\$ -	\$ 1,202,921	\$ 1,063,597
Payroll taxes	19,088	6,894	-	100,144	92,643
Employee benefits	4,899	8,594	-	97,383	84,513
	<u>167,152</u>	<u>178,785</u>	<u>-</u>	<u>1,400,448</u>	<u>1,240,753</u>
Other Expenses:					
Donated goods and services	-	-	-	10,142,982	9,344,340
Auto expenses	-	-	-	23,943	24,028
Bad debt	5,000	-	-	5,000	141
Client database development	-	-	-	79,829	-
Clinics	-	-	-	127,319	101,963
Computer expense	-	1,410	-	11,916	5,859
Depreciation	11,150	12,107	-	353,954	356,768
Equipment	424	1,160	-	36,690	15,305
Food	-	-	-	5,548	3,784
Professional fundraising services	-	65,000	-	65,000	78,795
General program expenses	-	-	-	66,752	25,649
Home gardening program	-	-	-	57,925	-
Insurance	2,893	3,236	-	106,874	117,582
Interest	362	389	-	11,769	22,570
Janitorial	1,274	1,383	-	46,765	42,010
Licenses and permits	2	5	-	4,178	7,234
Office expenses	1,718	509	-	24,323	16,857
Postage and printing	213	63,280	-	71,099	85,589
Professional fees	3,486	1,303	-	46,080	22,506
Property taxes	187	203	-	5,941	2,160
Medical and laboratory expenses	-	-	-	82,301	88,553
Repairs and maintenance	898	1,046	3,025	50,494	56,169
Rent	929	1,008	-	26,531	-
Security	89	121	-	11,055	7,125
Special events	-	86,416	-	86,416	70,998
Supplies	410	719	-	79,945	67,848
Telephone	66	183	-	5,897	4,544
Volunteer development	-	-	-	20,650	4,186
Utilities	2,948	5,338	-	125,097	128,435
	<u>\$ 199,201</u>	<u>\$ 423,601</u>	<u>\$ 3,025</u>	<u>\$ 13,182,721</u>	<u>\$ 11,941,751</u>
Percentage of total operating expenses	<u>1.5%</u>	<u>3.2%</u>	<u>0.1%</u>		

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ 125,766	\$ (314,791)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	353,954	356,768
Bad debts	5,000	-
Decrease (increase) in assets -		
Accounts receivable	(110,003)	50,303
Inventory	(13,417)	35,044
Prepaid expenses	(5,824)	5,427
Deposits	(2,350)	151,470
Increase (decrease) in liabilities -		
Accounts payable	6,348	3,948
Accrued payroll and payroll taxes	3,201	(17,259)
Accrued vacation	17,775	5,636
Deferred lease incentive	20,235	-
	400,685	276,546
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(112,731)	(241,204)
	(112,731)	(241,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in line of credit	75,000	-
Repayment of long-term debt	(112,417)	(114,112)
	(37,417)	(114,112)
Net Increase (Decrease) In Cash and Cash Equivalents	250,537	(78,770)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	243,959	322,729
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 494,496	\$ 243,959
SUPPLEMENTARY INFORMATION		
Interest paid	\$ 11,769	\$ 22,570

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: NATURE OF ORGANIZATION

MEND-Meet Each Need with Dignity is a community-based, California non-profit public benefit corporation which provides those in need with basic and empowerment services. MEND receives financial donations from individuals, foundations and businesses, as well as in-kind contributions to fund these services to individuals who reside within the Northeast San Fernando Valley. MEND programs include Emergency Food Bank; Medical, Dental and Vision Clinics; Home Visiting Program; Job Training; Education and Training Center; Clothing Center; Showers for the Homeless; and a Christmas Basket Program.

Emergency Food Bank

The Emergency Food Bank prepares food baskets several times a week using donated food collected from various organizations. MEND operates food distribution sites in the Northeast San Fernando Valley and distributes excess food to smaller pantries and non-profit organizations each month. The Gardening Program supplies local families with the education and tools needed to start and maintain a garden in their homes.

Medical, Dental and Vision Clinics

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

Home Visiting Program

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

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.

Shower Program

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

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: NATURE OF ORGANIZATION (Continued)

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.

Christmas Basket Program

The Christmas Basket Program distributes baskets of donated food, blankets and toys for up to 1,400 needy families during the holidays.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization utilizes the accrual method of accounting in accordance with generally accepted accounting principles whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards, Financial Statements for Not-for-Profit Organizations. Under these guidelines, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets consist of grants received from businesses and foundations to fund general operating program expenses. The Organization presently has no permanently restricted net assets.

MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at their net realizable value as determined by experience, third party contracts, and other circumstances, which may affect the ability of the Organization to collect the full obligation. Receivables are considered impaired if payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

Property, plant and equipment are valued at cost if purchased or at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Maintenance and repairs are expensed in the period incurred. The estimated useful lives of property, plant and equipment are as follows:

Buildings	40	Years
Leasehold improvements	5 - 40	Years
Furniture and equipment	5 - 7	Years

Inventory

Inventory consists of donated food, clothing, household items, pharmaceuticals and clinic supplies. Donated items are valued at their estimated fair market 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.

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs for providing programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. Accordingly, no provision for income tax is made in the financial statements.

Accounting for Uncertainty in Income Taxes

The Organization adopted the guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. There was no effect related to the adoption of this new guidance. The 2009 through 2012 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2008 through 2012 tax years remain subject to examination by the State of California.

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 values 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 receive 167,982 volunteer hours per year, the equivalent of 92 full-time employees. For the year ended June 30, 2013, the Organization recorded total in-kind contributions of \$10,156,399, which consisted of \$9,058,549 of food, clothing, medical and dental supplies and \$1,097,850 of donated professional medical and dental services.

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3: CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash deposits at commercial institutions. At June 30, 2013, the Organization had deposits in excess of the Federal Deposit Insurance Corporation's (FDIC) \$250,000 limit.

As of June 30, 2013, cash and cash equivalents and short term investments consisted of the following:

	Unrestricted	Temporarily Restricted
Cash and cash equivalents		
Citibank - checking account	\$ 151,410	\$ -
Citibank - money market account	300,453	-
Citibank - SF Pierce Building Fund	-	7,243
Wells Fargo - Executive Director's Discretionary Fund	30,476	-
Petty cash funds	1,169	-
Undeposited funds	3,745	-
Cash and cash equivalents	\$ 487,253	\$ 7,243
	Unrestricted	Temporarily Restricted
Short term investments		
Certificates of deposit		
Pacoima Credit Union	\$ -	\$ 1,389

NOTE 4: ACCOUNTS RECEIVABLE

At June 30, 2013, accounts receivable consisted of the following:

Grants receivable	\$ 156,399
Event sponsorships	35,748
Other receivable	20,261
	\$ 212,408

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 5: INVENTORY

At June 30, 2013 inventory was comprised of the following:

Food	\$ 320,483
Clothing	17,784
Medical	31,387
Dental	64,516
	<u>434,170</u>
	<u>\$ 434,170</u>

NOTE 6: PROPERTY AND EQUIPMENT

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Building	\$ 8,549,337	\$ 1,351,252	\$ 7,198,085
Land	1,440,834	-	1,440,834
Building improvements	1,590,678	759,937	830,741
Program equipment	519,756	421,086	98,670
Vehicles	262,990	100,647	162,343
	<u>\$ 12,363,595</u>	<u>\$ 2,632,922</u>	<u>\$ 9,730,673</u>

Depreciation expense for the year ended June 30, 2013 was \$353,954.

NOTE 7: LINE OF CREDIT

The Organization has a \$250,000 revolving line of credit from Citibank that renews on July 25th of each year and bears an interest rate of prime plus 3.75%. The line of credit is used to cover operating expenses when the only cash available is temporarily restricted. The effective interest rate at June 30, 2013 was 7%. At June 30, 2013 there was an outstanding balance of \$75,000.

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8: LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2013 consisted of the following:

Note payable, Valley Economic Development Center, secured by land and building, payable in monthly payments of \$4,538 principal and interest, at the prime rate of interest for the first sixty months and at the 5-year treasury note rate plus 3.25% (with a floor of 4.00%) thereafter, maturing August 16, 2017. The effective interest rate at June 30, 2013 was 4.925%. The Organization has been making accelerated payments of \$9,780 per month. With these accelerated payments, the note is expected to be paid off by June 30, 2014. \$ 109,180

Note payable, unsecured, payable in monthly payments of \$354 principal and interest, at 5% maturing August 30, 2017. 15,966

Less current maturities	125,146
	(53,313)
	\$ 71,833

Maturities of long-term liabilities are as follows:

Year Ending June 30,	
2014	\$ 53,313
2015	56,281
2016	10,235
2017	3,779
2018 and thereafter	1,538
	\$ 125,146

MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9: LEASES

The Organization entered into a commercial lease agreement on August 15, 2012 for a parking lot to be used for administrative employee parking. Lease payments are due at the rate of \$2,000 per month for one year, with an option to renew. In August 2013, the Organization renewed the lease for an additional two years, extending the term to August 31, 2015.

In June 2013, the Organization entered into an operating lease agreement with LDI Color Toolbox for a new color copier. The lease is payable \$1,061 per month and expires on June 30, 2018. As part of the agreement, LDI Color Toolbox agreed to compensate the Organization \$20,235, which represented the remaining outstanding balance on its old copier lease. As of June 30, 2013, this amount was recorded as deferred lease incentive.

Annual minimum lease payments are as follows:

Year Ending June 30,	
2014	\$ 36,732
2015	36,732
2016	16,732
2017	12,732
2018 and thereafter	<u>12,732</u>
	<u><u>\$ 115,660</u></u>

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as of June 30, 2013 for the following

Client outcome development	\$ 139,000
Dental clinic	93,798
Home gardening program and food distribution	81,408
Medical and vision clinics	57,214
Capital campaign	8,632
Other programs	<u>2,836</u>
	<u><u>\$ 382,888</u></u>

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 1, 2013, the date on which the financial statements were available to be issued.