

**MEND-MEET EACH NEED WITH DIGNITY**

**FINANCIAL REPORT**

For the year ended  
June 30, 2015  
with comparative totals for the  
year ended June 30, 2014

MEND - MEET EACH NEED WITH DIGNITY  
FINANCIAL REPORT  
For the year ended June 30, 2015  
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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, 2015, 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, 2015, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's financial statements for the year ended June 30, 2014, and our report dated December 2, 2014 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gumbiner Savett Inc.*

October 27, 2015

MEND - MEET EACH NEED WITH DIGNITY  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2015 and 2014

	ASSETS	
	2015	2014
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 171,832	\$ 253,862
Short term investments	-	1,406
Contributions receivable	489,405	108,285
Inventories	592,844	379,882
Prepaid expenses	21,221	16,473
Total Current Assets	1,275,302	759,908
 <b>PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation</b>	 9,266,076	 9,434,258
 <b>OTHER ASSETS</b>		
Security deposit	2,715	3,065
 <b>TOTAL ASSETS</b>	 \$ 10,544,093	 \$ 10,197,231
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 225,761	\$ 181,089
Security deposit	-	12,915
Line of credit	100,000	-
Total Current Liabilities	325,761	194,004
 <b>NET ASSETS</b>		
Unrestricted		
Designated	63,012	32,684
Undesignated	9,686,849	9,757,404
Temporarily restricted	468,471	213,139
Total Net Assets	10,218,332	10,003,227
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 \$ 10,544,093	 \$ 10,197,231

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, 2015 with comparative  
totals for the year ended June 30, 2014

SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Contributions				
Foundations	\$ 834,000	\$ 557,119	\$ 1,391,119	\$ 1,259,585
Individuals	741,539	-	741,539	533,245
Businesses and other organizations	420,196	65,000	485,196	277,791
In-kind	11,165,368	-	11,165,368	10,933,570
Special events and other income	355,501	-	355,501	369,445
Program income	211,771	-	211,771	221,295
Rental income	41,923	-	41,923	173,493
Net assets released from program restrictions	366,787	(366,787)	-	-
TOTAL SUPPORT AND REVENUE	<u>14,137,085</u>	<u>255,332</u>	<u>14,392,417</u>	<u>13,768,424</u>
 OPERATING EXPENSES				
Program services	13,475,825	-	13,475,825	13,522,067
Management and general	206,665	-	206,665	255,704
Fundraising	494,822	-	494,822	495,517
TOTAL OPERATING EXPENSES	<u>14,177,312</u>	<u>-</u>	<u>14,177,312</u>	<u>14,273,288</u>
 CHANGES IN NET ASSETS	(40,227)	255,332	215,105	(504,864)
 NET ASSETS - BEGINNING OF YEAR	<u>9,790,088</u>	<u>213,139</u>	<u>10,003,227</u>	<u>10,508,091</u>
 NET ASSETS - END OF YEAR	<u>\$ 9,749,861</u>	<u>\$ 468,471</u>	<u>\$ 10,218,332</u>	<u>\$ 10,003,227</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, 2015 with comparative  
totals for the year ended June 30, 2014

	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	\$ 274,097	\$ 85,179	\$ 189,611	\$ 256,072	\$ 295,501	\$ 1,100,460
Payroll taxes	23,243	7,223	16,079	21,715	25,058	93,318
Employee benefits	30,701	8,944	13,963	21,654	23,544	98,806
Total personnel expenses	<u>328,041</u>	<u>101,346</u>	<u>219,653</u>	<u>299,441</u>	<u>344,103</u>	<u>1,292,584</u>
Non-personnel expenses						
Donated goods and services	7,007,916	2,361,780	3,143	1,579,585	-	10,952,424
Auto	21,465	4,400	-	-	-	25,865
Client database development	-	-	-	-	22,680	22,680
Clinics	-	-	-	145,296	-	145,296
Computer	1,856	1,612	3,320	5,551	1,767	14,106
Depreciation	102,372	41,187	33,125	101,476	31,637	309,797
Equipment	5,750	2,314	1,829	8,618	2,986	21,497
Food	195	-	-	-	-	195
General program	51,165	2,774	12,185	7,626	26,431	100,181
Home gardening program	18,114	-	-	-	-	18,114
Insurance	29,294	7,969	5,450	19,705	5,388	67,806
Interest	3,095	1,245	1,002	3,068	956	9,366
Janitorial	9,400	3,782	13,385	9,318	2,905	38,790
Office	9,847	3,962	2,890	10,271	3,043	30,013
Postage and printing	3,705	1,814	1,221	3,724	2,055	12,519
Professional fees	12,173	4,897	3,943	12,066	3,762	36,841
Property taxes	1,850	744	599	1,833	572	5,598
Medical and laboratory	-	-	-	71,659	-	71,659
Repairs and maintenance	13,239	3,259	22,760	12,067	2,100	53,425
Rent	7,409	2,981	2,400	7,344	2,290	22,424
Security	31	13	66	31	6,130	6,271
Supplies	7,708	1,840	3,685	62,134	1,414	76,781
Telephone	391	157	4,378	387	121	5,434
Volunteer development	-	-	-	54	14,226	14,280
Utilities	30,478	12,262	39,508	30,212	9,419	121,879
Total non-personnel expenses	<u>7,337,453</u>	<u>2,458,992</u>	<u>154,889</u>	<u>2,092,025</u>	<u>139,882</u>	<u>12,183,241</u>
Total expenses	<u>\$ 7,665,494</u>	<u>\$ 2,560,338</u>	<u>\$ 374,542</u>	<u>\$ 2,391,466</u>	<u>\$ 483,985</u>	<u>\$ 13,475,825</u>
Percentage of total operating expenses	<u>54.1%</u>	<u>18.0%</u>	<u>2.6%</u>	<u>16.9%</u>	<u>3.4%</u>	<u>95.0%</u>

(Continued)

MEND - MEET EACH NEED WITH DIGNITY  
 STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)  
 For the year ended June 30, 2015 with comparative  
 totals for the year ended June 30, 2014

	<u>Management and General</u>	<u>Fundraising</u>	<u>2015 Totals</u>	<u>2014 Totals</u>
Personnel expenses				
Salaries	\$ 160,783	\$ 198,906	\$ 1,460,149	\$ 1,389,931
Payroll taxes	13,635	16,880	123,833	117,766
Employee benefits	<u>5,987</u>	<u>7,716</u>	<u>112,509</u>	<u>114,842</u>
Total personnel expenses	<u>180,405</u>	<u>223,502</u>	<u>1,696,491</u>	<u>1,622,539</u>
Non-personnel expenses				
Donated goods and services	-	-	10,952,424	10,987,859
Auto	-	-	25,865	26,160
Client database development	-	-	22,680	49,890
Clinics	-	-	145,296	182,474
Computer	42	1,494	15,642	12,661
Depreciation	10,446	11,342	331,585	335,604
Equipment	1,434	636	23,567	17,913
Food	-	-	195	2,748
Professional fundraising services	-	55,988	55,988	65,892
General program	320	7,481	107,982	86,963
Home gardening program	-	-	18,114	48,916
Insurance	1,821	2,216	71,843	75,166
Interest	316	343	10,025	7,846
Janitorial	959	1,041	40,790	45,436
Office	1,559	1,116	32,688	27,576
Postage and printing	333	76,105	88,957	82,016
Professional fees	3,772	1,349	41,962	38,437
Property taxes	189	205	5,992	5,786
Medical and laboratory	-	-	71,659	96,827
Repairs and maintenance	693	753	54,871	75,500
Rent	756	821	24,001	24,001
Security	3	3	6,277	6,317
Special events	-	106,500	106,500	110,051
Supplies	467	507	77,755	92,451
Telephone	40	43	5,517	5,931
Volunteer development	-	-	14,280	11,465
Utilities	<u>3,110</u>	<u>3,377</u>	<u>128,366</u>	<u>128,863</u>
Total non-personnel expenses	<u>26,260</u>	<u>271,320</u>	<u>12,480,821</u>	<u>12,650,749</u>
Total expenses	<u>\$ 206,665</u>	<u>\$ 494,822</u>	<u>\$ 14,177,312</u>	<u>\$ 14,273,288</u>
Percentage of total operating expenses	<u>1.5%</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 215,105	\$ (504,864)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	331,585	335,604
Forgiveness of note payable	-	(15,966)
Changes in assets and liabilities:		
Contributions receivable	(379,714)	104,106
Inventory	(212,962)	54,288
Prepaid expenses	(4,748)	1,898
Security deposits	(12,565)	-
Accounts payable and accrued expenses	44,672	27,904
Deferred lease incentive	-	(20,235)
	<u>(18,627)</u>	<u>(17,265)</u>
Net cash (used in) provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(163,403)</u>	<u>(39,189)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayment) under line of credit	100,000	(75,000)
Repayment of notes payable	<u>-</u>	<u>(109,180)</u>
	<u>100,000</u>	<u>(184,180)</u>
Net cash provided by (used in) financing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(82,030)	(240,634)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>253,862</u>	<u>494,496</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 171,832</u>	<u>\$ 253,862</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, 2015 and 2014

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, as well as education and job 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 a comprehensive job training program that includes work experience in 13 different career opportunities, as well as soft skills training in obtaining and keeping employment. In addition, MEND provides instruction in English as a second language, a computer lab, sewing training, after-school and Saturday programs for children, as well as 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, 2015 and 2014

Other Programs (Continued):

Christmas Basket Program

The Christmas Basket Program distributes baskets of donated food, blankets and toys for up to 1,200 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, 2015.

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, 2014, 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, 2015 and 2014

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, 2015 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, 2015 and 2014

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, 2015. 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 2011 or California examinations for years before 2010.

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 209,000 and 175,000 volunteer hours during the years ended June 30, 2015 and 2014, respectively. This is the equivalent of 115 and 96 full-time employees, respectively. For the year ended June 30, 2015, the Organization recorded total in-kind contributions of \$11,165,368, which primarily consisted of \$9,645,487 of food, clothing, medical and dental supplies and \$1,518,608 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, 2015 and 2014

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, 2015 or 2014.

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, 2015, there were four donors that accounted for approximately 68% of contributions receivable. As of June 30, 2014, there were two donors that accounted for approximately 65% of contributions receivable.

Support and revenue:

For the year ended June 30, 2015, there were two food donors that accounted for approximately 25% of the Organization's total 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.

See accompanying independent auditor's report.

MEND - MEET EACH NEED WITH DIGNITY  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the years ended June 30, 2015 and 2014

NOTE 3: INVENTORIES

As of June 30, 2015 and 2014, inventories consisted of the following:

	2015	2014
Food	\$ 427,668	\$ 253,508
Clothing	30,315	23,553
Medical	69,255	39,081
Dental	65,606	63,740
	<u>\$ 592,844</u>	<u>\$ 379,882</u>

NOTE 4: PROPERTY AND EQUIPMENT

As of June 30, 2015 and 2014, property and equipment consisted of the following:

	2015	2014
Building	\$ 8,549,337	\$ 8,549,337
Land	1,440,834	1,440,834
Building improvements	1,661,339	1,600,972
Equipment	651,687	548,651
Vehicles	262,990	262,990
	<u>12,566,187</u>	<u>12,402,784</u>
Less accumulated depreciation	3,300,111	2,968,526
	<u>\$ 9,266,076</u>	<u>\$ 9,434,258</u>

NOTE 5: LINE OF CREDIT

The Organization has entered into an unsecured credit agreement with a bank through July 25, 2016 under which it may borrow up to \$250,000. Interest is payable monthly at the prime rate plus 3.75%. Borrowings outstanding as of June 30, 2015 amounted to \$100,000. There were no borrowings outstanding at June 30, 2014.

See accompanying independent auditor's report.



MEND - MEET EACH NEED WITH DIGNITY  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the years ended June 30, 2015 and 2014

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2015 and 2014, temporarily restricted net assets consisted of the following:

	2015	2014
Client outcome development	\$ -	\$ 21,525
Dental clinic	85,479	-
Home gardening program and food distribution	109,884	10,000
Youth services	15,000	17,500
Jobs program	6,923	118,815
Medical and vision clinics	182,696	33,667
Other programs	-	3,000
Capital campaign and Facility improvements	68,489	8,632
	<u>\$ 468,471</u>	<u>\$ 213,139</u>

NOTE 7: 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.

NOTE 8: COMMITMENTS

The Organization has entered into a commercial lease agreement, for a parking lot to be used for administrative employee parking, expiring August 30, 2016. 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, 2015 are as follows:

<u>Years Ending June 30,</u>		
2016	\$	37,000
2017		17,000
2018		<u>13,000</u>
	\$	<u>67,000</u>

(Continued)

See accompanying independent auditor's report.



MEND - MEET EACH NEED WITH DIGNITY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the years ended June 30, 2015 and 2014

NOTE 8: COMMITMENTS (Continued)

Total rent expense for the years ended June 30, 2015 and 2014, amounted to approximately \$43,000 and \$40,000, 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 \$42,000 and \$173,000 for the years ended June 30, 2015 and 2014, respectively.

NOTE 9: SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through October 27, 2015, the date which the financial statements were available to be issued. There were no subsequent events noted that would require adjustment to or disclosure in these financial statements.