

**MEND-MEET EACH NEED WITH DIGNITY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2012 WITH COMPARATIVE TOTALS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**STERN, KORY, SREDEN & MORGAN**  
An Accountancy Corporation  
24961 The Old Road, 2nd Floor  
Stevenson Ranch, CA 91381  
Tel. (661) 286-1040  
Fax (661) 286-1050



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of MEND-Meet Each Need With Dignity (a nonprofit organization) as of June 30, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from MEND-Meet Each Need With Dignity's 2011 financial statements and, in our report dated November 11, 2011 we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

STERN, KORY, SREDEN & MORGAN  
An Accountancy Corporation

October 30, 2012

**MEND-MEET EACH NEED WITH DIGNITY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>			<u>2012</u>	<u>2011</u>
	<u>Total</u>	<u>Capital</u>	<u>Operating</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
		<u>Campaign</u>			<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 234,124	\$ 9,835	\$ -	\$ 9,835	\$ 243,959	\$ 322,729
Short term investments	-	1,372	-	1,372	1,372	1,355
Accounts receivable	107,405	-	-	-	107,405	157,708
Interfund receivable (payable)	(104,988)	-	104,988	104,988	-	-
Inventory	420,753	-	-	-	420,753	455,797
Equipment deposits	-	-	-	-	-	151,470
Prepaid expenses	12,547	-	-	-	12,547	17,974
<b>Total Current Assets</b>	<b>669,841</b>	<b>11,207</b>	<b>104,988</b>	<b>116,195</b>	<b>786,036</b>	<b>1,107,033</b>
<b>PROPERTY AND EQUIPMENT, Net</b>	<b>9,971,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,971,913</b>	<b>10,087,494</b>
<b>OTHER ASSETS</b>						
Security deposit	715	-	-	-	715	715
<b>TOTAL ASSETS</b>	<b>\$ 10,642,469</b>	<b>\$ 11,207</b>	<b>\$ 104,988</b>	<b>\$ 116,195</b>	<b>\$ 10,758,664</b>	<b>\$ 11,195,242</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 37,166	\$ -	\$ -	\$ -	\$ 37,166	\$ 33,218
Accrued payroll and payroll taxes	23,251	-	-	-	23,251	40,510
Accrued vacation	65,444	-	-	-	65,444	59,808
Security deposit	12,915	-	-	-	12,915	12,915
Current portion of long-term debt	108,060	-	-	-	108,060	99,573
<b>Total Current Liabilities</b>	<b>246,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,836</b>	<b>246,024</b>
<b>LONG-TERM LIABILITIES</b>						
Notes payable	129,503	-	-	-	129,503	252,102
<b>Total Long-Term Liabilities</b>	<b>129,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,503</b>	<b>252,102</b>
<b>Total Liabilities</b>	<b>376,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>376,339</b>	<b>498,126</b>
<b>NET ASSETS</b>						
Unrestricted						
Designated	34,949	-	-	-	34,949	22,018
Undesignated	10,231,181	-	-	-	10,231,181	10,466,752
Temporarily restricted	-	11,207	104,988	116,195	116,195	208,346
<b>Total Net Assets</b>	<b>10,266,130</b>	<b>11,207</b>	<b>104,988</b>	<b>116,195</b>	<b>10,382,325</b>	<b>10,697,116</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,642,469</b>	<b>\$ 11,207</b>	<b>\$ 104,988</b>	<b>\$ 116,195</b>	<b>\$ 10,758,664</b>	<b>\$ 11,195,242</b>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE  
TOTALS FOR THE YEAR ENDED JUNE 30, 2011**

	Unrestricted	Temporarily Restricted		2012 Total Funds	2011 Total Funds
	Total	Capital Campaign	Operating Total		
<b>SUPPORT AND REVENUE</b>					
Contributions					
Foundations	\$ 695,357	\$ -	\$126,525	\$ 126,525	\$ 821,882
Individuals	428,823	15,000	-	15,000	443,823
Businesses & other organizations	427,585	-	19,500	19,500	447,085
In-kind	9,309,296	-	-	-	9,309,296
Fundraising and other income	245,680	151	-	151	245,831
Program income	190,552	-	-	-	190,552
Rental income	168,491	-	-	-	168,491
Net assets released from program restrictions	229,181	-	(229,181)	(229,181)	-
<b>Total Support and Revenue</b>	<b>11,694,965</b>	<b>15,151</b>	<b>(83,156)</b>	<b>(68,005)</b>	<b>11,626,960</b>
<b>EXPENSES</b>					
Operating Expenses					
Programs	11,305,222	-	-	-	11,305,222
Management and general	249,983	-	-	-	249,983
Fundraising	364,994	-	-	-	364,994
Capital campaign fund	-	21,552	-	21,552	21,552
<b>Total Operating Expenses</b>	<b>11,920,199</b>	<b>21,552</b>	<b>-</b>	<b>21,552</b>	<b>11,941,751</b>
<b>CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS</b>	<b>(225,234)</b>	<b>(6,401)</b>	<b>(83,156)</b>	<b>(89,557)</b>	<b>(314,791)</b>
<b>Discontinued Operations</b>					
Rental income	-	-	-	-	15,888
Rental expenses	-	-	-	-	(108,567)
	-	-	-	-	(92,679)
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	<b>(225,234)</b>	<b>(6,401)</b>	<b>(83,156)</b>	<b>(89,557)</b>	<b>(314,791)</b>
<b>Interfund transfers</b>					
Cash	2,594	(2,594)	-	(2,594)	-
<b>CHANGE IN NET ASSETS</b>	<b>(222,640)</b>	<b>(8,995)</b>	<b>(83,156)</b>	<b>(92,151)</b>	<b>(314,791)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>10,488,770</b>	<b>20,202</b>	<b>188,144</b>	<b>208,346</b>	<b>10,697,116</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 10,266,130</b>	<b>\$ 11,207</b>	<b>\$104,988</b>	<b>\$ 116,195</b>	<b>\$ 10,382,325</b>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE  
TOTALS FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Program Expenses</b>					<b>Total Program Expenses</b>
	<b>Food Distribution</b>	<b>Clothing</b>	<b>Education &amp; Training Center</b>	<b>Medical, Dental, Vision</b>	<b>Other Program Expenses</b>	
<b>Compensation &amp; Related Expenses:</b>						
Salaries	\$ 191,760	\$ 60,897	\$ 130,820	\$ 177,093	\$ 180,900	\$ 741,470
Payroll taxes	14,654	7,185	11,956	15,254	20,988	70,037
Employee benefits	16,929	7,818	9,378	14,734	19,598	68,457
	<u>223,343</u>	<u>75,900</u>	<u>152,154</u>	<u>207,081</u>	<u>221,486</u>	<u>879,964</u>
<b>Other Expenses</b>						
Donated goods and services	6,128,950	2,024,973	-	1,190,417	-	9,344,340
Auto expenses	19,738	4,290	-	-	-	24,028
Bad debt	-	-	-	-	-	-
Clinics	-	-	-	101,963	-	101,963
Computer expense	1,280	553	2,066	1,216	482	5,597
Depreciation	110,147	44,316	35,641	109,183	34,039	333,326
Equipment	4,645	2,869	2,604	4,133	624	14,875
Food	3,784	-	-	-	-	3,784
Fundraising expenses	36,684	-	-	-	-	36,684
General program expenses	-	-	1,931	1,239	22,479	25,649
Insurance	34,843	11,445	6,651	25,629	23,269	101,837
Interest	346	139	112	343	107	1,047
Janitorial	11,544	4,633	8,386	11,432	3,568	39,563
Licenses and permits	2,159	749	765	2,770	433	6,876
Office expenses	3,191	1,585	1,039	4,646	1,083	11,544
Postage and printing	2,142	862	693	2,138	662	6,497
Professional fees	6,152	2,730	2,560	7,344	2,142	20,928
Property taxes	667	268	216	661	206	2,018
Marketing and materials	-	125	-	-	895	1,020
Medical and laboratory expenses	-	-	-	88,553	-	88,553
Repairs and maintenance	12,321	4,595	12,863	18,919	4,939	53,637
Rent	-	-	-	-	-	-
Security	770	514	2,618	1,285	1,661	6,848
Special events	-	1,692	-	-	-	1,692
Supplies	4,842	2,278	8,523	46,085	1,114	62,842
Telephone	504	203	3,075	499	156	4,437
Volunteer development	-	-	-	-	4,186	4,186
Utilities	27,687	11,984	44,520	29,137	8,159	121,487
	<u>\$ 6,635,739</u>	<u>\$2,196,703</u>	<u>\$ 286,417</u>	<u>\$1,854,673</u>	<u>\$ 331,690</u>	<u>\$11,305,222</u>
Percentage of total operating expenses	<u>55.6%</u>	<u>18.4%</u>	<u>2.4%</u>	<u>15.5%</u>	<u>2.8%</u>	<u>94.7%</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE  
TOTALS FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Management and General</b>	<b>Fundraising</b>	<b>Capital Campaign</b>	<b>2012 Total Expenses</b>	<b>2011 Total Expenses</b>
<b>Compensation &amp; Related Expenses:</b>					
Salaries	\$ 187,108	\$ 135,019	\$ -	\$ 1,063,597	\$ 972,858
Payroll taxes	16,356	6,250	-	92,643	84,343
Employee benefits	9,069	6,987	-	84,513	73,466
	<u>212,533</u>	<u>148,256</u>	<u>-</u>	<u>1,240,753</u>	<u>1,130,667</u>
<b>Other Expenses</b>					
Donated goods and services	-	-	-	9,344,340	8,777,977
Auto expenses	-	-	-	24,028	32,626
Bad debt	141	-	-	141	-
Clinics	-	-	-	101,963	72,553
Computer expense	126	136	-	5,859	4,368
Depreciation	11,239	12,203	-	356,768	337,708
Equipment	206	224	-	15,305	21,504
Food	-	-	-	3,784	5,527
Fundraising expenses	-	120,748	-	157,432	160,008
General program expenses	-	-	-	25,649	23,637
Insurance	12,542	3,203	-	117,582	97,476
Interest	35	38	21,450	22,570	37,488
Janitorial	1,178	1,269	-	42,010	42,136
Licenses and permits	171	187	-	7,234	-
Office expenses	4,925	388	-	16,857	11,670
Postage and printing	218	237	-	6,952	3,388
Professional fees	772	806	-	22,506	18,225
Property taxes	68	74	-	2,160	12,649
Marketing and materials	1,474	1,750	-	4,244	18,916
Medical and laboratory expenses	-	-	-	88,553	76,422
Repairs and maintenance	1,165	1,265	102	56,169	49,530
Rent	-	-	-	-	101,361
Security	133	144	-	7,125	6,141
Special events	-	69,306	-	70,998	58,913
Supplies	367	395	-	63,604	67,493
Telephone	51	56	-	4,544	3,868
Volunteer development	-	-	-	4,186	12,780
Utilities	2,639	4,309	-	128,435	129,928
	<u>\$ 249,983</u>	<u>\$ 364,994</u>	<u>\$ 21,552</u>	<u>\$ 11,941,751</u>	<u>\$ 11,314,959</u>
Percentage of total operating expenses	<u>2.0%</u>	<u>3.1%</u>	<u>0.2%</u>		

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE  
TOTALS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		<u>2012 Total Funds</u>	<u>2011 Total Funds</u>
	<u>Total</u>	<u>Capital Campaign</u>	<u>Operating</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net increase (decrease) in net assets	\$ (222,640)	\$ (8,995)	\$ (83,156)	\$ (92,151)	\$ (314,791)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	356,768	-	-	-	356,768
Decrease (increase) in assets -					
Accounts receivable	50,303	-	-	-	(102,946)
Inventory	35,044	-	-	-	(44,489)
Prepaid expenses	5,427	-	-	-	7,646
Interfund receivable (payable)	(83,139)	(17)	83,156	83,139	-
Deposits	151,470	-	-	-	(111,470)
Increase (decrease) in liabilities -					
Accounts payable	3,948	-	-	-	(8,040)
Accrued payroll and payroll taxes	(17,259)	-	-	-	7,292
Accrued vacation	5,636	-	-	-	8,377
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>285,558</u>	<u>(9,012)</u>	<u>-</u>	<u>(9,012)</u>	<u>276,546</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net increase in short term investments	-	-	-	-	(18)
Purchase of property and equipment	(241,204)	-	-	-	(111,614)
<b>Net Cash Used In Investing Activities</b>	<u>(241,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,632)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net decrease in line of credit	-	-	-	-	(247,000)
Repayment of long-term debt	(114,112)	-	-	-	(163,058)
<b>Net Cash Used In Financing Activities</b>	<u>(114,112)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(410,058)</u>
<b>Net Decrease In Cash and Cash Equivalents</b>	(69,758)	(9,012)	-	(9,012)	(78,770)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>303,882</u>	<u>18,847</u>	<u>-</u>	<u>18,847</u>	<u>322,729</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 234,124</u>	<u>\$ 9,835</u>	<u>\$ -</u>	<u>\$ 9,835</u>	<u>\$ 243,959</u>
<b>SUPPLEMENTARY INFORMATION</b>					
Interest paid				<u>\$ 22,570</u>	<u>\$ 37,488</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**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.

**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, 2012**

**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, job interview workshops 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. The Organization presently has no permanently restricted net assets.

**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, 2011, from which the summarized information was derived.

**MEND-MEET EACH NEED WITH DIGNITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Discontinued Operations**

The accompanying financial statements include the financial activity of Treasure Trunk LLC, a wholly owned for-profit entity which was liquidated in 2008.

**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 receivables 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.

**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

**MEND-MEET EACH NEED WITH DIGNITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventory**

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

**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.

**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.

**MEND-MEET EACH NEED WITH DIGNITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 more than 157,000 volunteer hours per year, the equivalent of 86 full-time employees. For the year ended June 30, 2012, the Organization recorded total in-kind contributions of \$9,309,296, which consisted of \$8,277,130 of food, clothing, medical and dental supplies and \$1,032,166 of donated professional medical and dental services.

**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.

As of June 30, 2012, cash and cash equivalents and short term investments consisted of the following:

	Unrestricted	Temporarily Restricted
<b>Cash and cash equivalents</b>		
Citibank - checking account	\$ 41,382	\$ -
Citibank - money market account	155,138	-
Citibank - SF Pierce Building Fund	-	9,835
Wells Fargo - Executive Director's Discretionary Fund	34,949	-
Wells Fargo - Treasure Trunk savings account	500	-
Petty cash funds	2,155	-
	\$ 234,124	\$ 9,835

**MEND-MEET EACH NEED WITH DIGNITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 3: CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS (Continued)**

	Unrestricted	Temporarily Restricted
<b>Short term investments</b>		
Certificates of deposit		
Pacoima Credit Union	\$ -	\$ 1,372

**NOTE 4: INVENTORY**

At June 30, 2012 inventory was comprised of the following:

Food	\$ 303,705
Clothing	31,314
Medical	30,558
Dental	55,176
	\$ 420,753

**NOTE 5: PROPERTY AND EQUIPMENT**

At June 30, 2012, property and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 8,549,337	\$ 1,137,519	\$ 7,411,818
Land	1,440,834	-	1,440,834
Building improvements	1,568,933	708,317	860,616
Program equipment	476,988	364,664	112,324
Vehicles	221,990	75,669	146,321
	\$ 12,258,082	\$ 2,286,169	\$ 9,971,913

Depreciation expense for the year ended June 30, 2012 was \$356,768.

**NOTE 6: LINE OF CREDIT**

The Organization has a \$250,000 revolving line of credit from Citibank at an interest rate of prime plus 3.75%. The effective interest rate at June 30, 2012 was 7%. At June 30, 2012 there was no outstanding balance.

**MEND-MEET EACH NEED WITH DIGNITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7: LONG-TERM LIABILITIES**

Long-term liabilities as of June 30, 2012 consisted of the following:

Note payable, Valley Economic Development Center, secured by land and building, payable in monthly payments of \$9,780 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% thereafter, maturing August 16, 2017. The effective interest rate at June 30, 2012 was 7.25%.	\$ 218,234
Note payable, unsecured, payable in monthly payments of \$354 principal and interest, at 5% maturing August 30, 2017.	19,329
	237,563
Less current maturities	(108,060)
	\$ 129,503

Maturities of long-term liabilities are as follows:

Year Ending June 30,	
2013	\$ 108,060
2014	116,374
2015	4,077
2016	3,736
2017	3,779
2018 and thereafter	1,537
	\$ 237,563

**NOTE 8: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 30, 2012, the date on which the financial statements were available to be issued.