

MEND-MEET EACH NEED WITH DIGNITY
FINANCIAL STATEMENTS
JUNE 30, 2011 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2010

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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, 2011 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 2010 financial statements and, in our report dated December 10, 2010 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, 2011, 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

November 11, 2011

MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR JUNE 30, 2010

	Unrestricted			Temporarily Restricted			2011 Total Funds	2010 Total Funds
	MEND	Treasure Trunk	Total	Capital Campaign	Operating	Total		
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 303,382	\$ 500	\$ 303,882	\$ 18,847	\$ -	\$ 18,847	\$ 322,729	\$ 387,111
Short term investments	-	-	-	1,355	-	1,355	1,355	1,337
Accounts receivable	157,708	-	157,708	-	-	-	157,708	54,762
Interfund receivable (payable)	(188,144)	-	(188,144)	-	188,144	188,144	-	-
Inventory	455,797	-	455,797	-	-	-	455,797	411,308
Equipment deposits	151,470	-	151,470	-	-	-	151,470	-
Prepaid expenses	17,974	-	17,974	-	-	-	17,974	25,620
Total Current Assets	898,187	500	898,687	20,202	188,144	208,346	1,107,033	880,138
PROPERTY AND EQUIPMENT, Net	10,087,494	-	10,087,494	-	-	-	10,087,494	10,313,588
OTHER ASSETS								
Security deposit	715	-	715	-	-	-	715	40,715
TOTAL ASSETS	\$10,986,396	\$ 500	\$ 10,986,896	\$ 20,202	\$188,144	\$208,346	\$ 11,195,242	\$11,234,441
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable	\$ 33,218	\$ -	\$ 33,218	\$ -	\$ -	\$ -	\$ 33,218	\$ 41,258
Accrued payroll and payroll taxes	40,510	-	40,510	-	-	-	40,510	33,218
Accrued vacation	59,808	-	59,808	-	-	-	59,808	51,431
Security deposit	12,915	-	12,915	-	-	-	12,915	12,915
Line of credit	-	-	-	-	-	-	-	247,000
Current portion of long-term debt	96,374	3,199	99,573	-	-	-	99,573	128,746
Total Current Liabilities	242,825	3,199	246,024	-	-	-	246,024	514,568
LONG-TERM LIABILITIES								
Notes payable	232,773	19,329	252,102	-	-	-	252,102	385,987
Total Long-Term Liabilities	232,773	19,329	252,102	-	-	-	252,102	385,987
Total Liabilities	475,598	22,528	498,126	-	-	-	498,126	900,555
NET ASSETS								
Unrestricted								
Designated	22,018	-	22,018	-	-	-	22,018	22,018
Undesignated	10,488,780	(22,028)	10,466,752	-	-	-	10,466,752	10,120,956
Temporarily restricted	-	-	-	20,202	188,144	208,346	208,346	190,912
Total Net Assets	10,510,798	(22,028)	10,488,770	20,202	188,144	208,346	10,697,116	10,333,886
TOTAL LIABILITIES AND NET ASSETS	\$10,986,396	\$ 500	\$ 10,986,896	\$ 20,202	\$188,144	\$208,346	\$ 11,195,242	\$11,234,441

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted		Temporarily Restricted			2011 Total Funds	2010 Total Funds	
	MEND	Treasure Trunk	Total	Capital Campaign	Operating			Total
SUPPORT AND REVENUE								
Contributions								
Foundations	\$ 1,011,263	\$ -	\$ 1,011,263	\$ 2,500	\$299,182	\$ 301,682	\$ 1,312,945	\$ 718,400
Individuals	463,616	-	463,616	31,604	-	31,604	495,220	389,633
Businesses & other organizations	390,523	-	390,523	1,755	93,990	95,745	486,268	412,735
In-kind	8,822,466	-	8,822,466	-	-	-	8,822,466	8,886,718
Fundraising and other income	178,981	-	178,981	225	-	225	179,206	314,437
Program income	193,338	-	193,338	-	-	-	193,338	132,278
Rental income	172,858	-	172,858	-	-	-	172,858	164,636
Net assets released from program restrictions	361,336	-	361,336	-	(361,336)	(361,336)	-	-
Total Support and Revenue	11,594,381	-	11,594,381	36,084	31,836	67,920	11,662,301	11,018,837
EXPENSES								
Operating Expenses								
Programs	10,587,420	-	10,587,420	-	-	-	10,587,420	10,533,982
Management and general	205,851	-	205,851	-	-	-	205,851	178,101
Fundraising	382,495	-	382,495	-	-	-	382,495	378,743
Capital campaign fund	-	-	-	30,626	-	30,626	30,626	46,729
Total Operating Expenses	11,175,766	-	11,175,766	30,626	-	30,626	11,206,392	11,137,555
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	418,615	-	418,615	5,458	31,836	37,294	455,909	(118,718)
Discontinued Operations								
Rental income	-	15,888	15,888	-	-	-	15,888	89,865
Rental expenses	-	(108,567)	(108,567)	-	-	-	(108,567)	(155,373)
	-	(92,679)	(92,679)	-	-	-	(92,679)	(65,508)
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	418,615	(92,679)	325,936	5,458	31,836	37,294	363,230	(184,226)
Interfund transfers								
Cash	(67,476)	87,336	19,860	(19,860)	-	(19,860)	-	-
CHANGE IN NET ASSETS	351,139	(5,343)	345,796	(14,402)	31,836	17,434	363,230	(184,226)
NET ASSETS, BEGINNING OF YEAR	10,159,659	(16,685)	10,142,974	34,604	156,308	190,912	10,333,886	10,518,112
NET ASSETS, END OF YEAR	\$10,510,798	\$ (22,028)	\$10,488,770	\$ 20,202	\$188,144	\$ 208,346	\$10,697,116	\$10,333,886

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Program Expenses					Total Program Expenses
	Food Distribution	Clothing	Education & Training Center	Medical, Dental, Vision	Other Program Expenses	
Compensation & Related Expenses:						
Salaries	\$ 156,922	\$ 68,626	\$ 123,743	\$ 151,377	\$ 177,425	\$ 678,093
Payroll taxes	13,082	6,048	11,280	13,533	15,976	59,919
Employee benefits	15,002	10,144	7,868	12,545	15,977	61,536
	<u>185,006</u>	<u>84,818</u>	<u>142,891</u>	<u>177,455</u>	<u>209,378</u>	<u>799,548</u>
Other Expenses						
Donated goods and services	6,011,260	1,770,294	-	996,423	-	8,777,977
Auto expenses	25,125	7,436	-	-	65	32,626
Bad debts	-	-	-	-	-	-
Clinics	-	-	-	72,553	-	72,553
Computer expense	361	-	3,580	-	-	3,941
Depreciation	107,045	44,038	25,216	105,740	32,966	315,005
Equipment	5,676	5,826	3,394	4,808	1,066	20,770
Food	5,527	-	-	-	-	5,527
Fundraising expenses	27,323	-	-	-	-	27,323
General program expenses	-	332	-	1,742	21,563	23,637
Insurance	28,370	11,368	7,913	34,404	8,767	90,822
Interest	1,228	490	365	1,210	377	3,670
Internet	1,586	1,586	3,024	3,172	1,586	10,954
Janitorial	11,630	4,667	8,269	11,512	3,598	39,676
Office expenses	2,570	1,032	816	2,592	1,893	8,903
Postage and printing	1,069	430	252	1,079	330	3,160
Professional fees	5,833	1,972	1,530	4,881	2,525	16,741
Property taxes	4,013	1,615	948	3,978	1,240	11,794
Marketing and materials	-	-	-	-	490	490
Medical and laboratory expenses	-	-	-	76,422	-	76,422
Repairs and maintenance	11,856	4,402	8,368	18,090	3,377	46,093
Rent	-	-	-	-	-	-
Security	1,028	413	3,113	1,013	354	5,921
Special events	-	2,511	-	-	-	2,511
Supplies	4,301	1,392	11,843	47,426	1,196	66,158
Telephone	503	201	2,404	498	155	3,761
Volunteer development	-	-	-	-	12,780	12,780
Utilities	24,090	9,689	42,247	25,189	7,442	108,657
	<u>\$ 6,465,400</u>	<u>\$ 1,954,512</u>	<u>\$ 266,173</u>	<u>\$ 1,590,187</u>	<u>\$ 311,148</u>	<u>\$ 10,587,420</u>
Percentage of total operating expenses	<u>57.7%</u>	<u>17.4%</u>	<u>2.4%</u>	<u>14.2%</u>	<u>2.8%</u>	<u>94.5%</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Management and General	Fundraising	Capital Campaign	Total Operating Expenses	Discontinued Operations Treasure Trunk	2011 Total Expenses	2010 Total Expenses
Compensation & Related Expenses:							
Salaries	\$ 160,091	\$ 134,674	\$ -	\$ 972,858	\$ -	\$ 972,858	\$ 843,800
Payroll taxes	13,331	11,093	-	84,343	-	84,343	71,097
Employee benefits	4,036	7,894	-	73,466	-	73,466	68,749
	<u>177,458</u>	<u>153,661</u>	<u>-</u>	<u>1,130,667</u>	<u>-</u>	<u>1,130,667</u>	<u>983,646</u>
Other Expenses							
Donated goods and services	-	-	-	8,777,977	-	8,777,977	8,848,471
Auto expenses	-	-	-	32,626	-	32,626	39,905
Bad debts	-	-	-	-	-	-	1,503
Clinics	-	-	-	72,553	-	72,553	87,244
Computer expense	427	-	-	4,368	-	4,368	2,446
Depreciation	10,885	11,818	-	337,708	-	337,708	316,601
Equipment	352	382	-	21,504	-	21,504	19,128
Food	-	-	-	5,527	-	5,527	3,993
Fundraising expenses	2,964	129,721	-	160,008	-	160,008	83,584
General program expenses	-	-	-	23,637	-	23,637	26,961
Insurance	3,529	3,125	-	97,476	-	97,476	94,881
Interest	441	67	30,014	34,192	3,296	37,488	73,021
Internet	-	1,586	-	12,540	-	12,540	13,729
Janitorial	1,179	1,281	-	42,136	-	42,136	41,282
Office expenses	2,482	285	-	11,670	-	11,670	21,718
Postage and printing	109	119	-	3,388	-	3,388	1,650
Professional fees	944	540	-	18,225	-	18,225	19,908
Property taxes	410	445	-	12,649	-	12,649	10,813
Marketing and materials	-	18,426	-	18,916	-	18,916	24,194
Medical and laboratory expenses	-	-	-	76,422	-	76,422	111,028
Repairs and maintenance	1,118	1,415	612	49,238	292	49,530	45,879
Rent	-	-	-	-	101,361	101,361	142,183
Security	105	115	-	6,141	-	6,141	5,176
Special events	-	56,402	-	58,913	-	58,913	105,055
Supplies	952	383	-	67,493	-	67,493	53,133
Telephone	51	56	-	3,868	-	3,868	5,254
Volunteer development	-	-	-	12,780	-	12,780	2,795
Utilities	2,445	2,668	-	113,770	3,618	117,388	107,747
	<u>\$ 205,851</u>	<u>\$ 382,495</u>	<u>\$ 30,626</u>	<u>\$ 11,206,392</u>	<u>\$ 108,567</u>	<u>\$ 11,314,959</u>	<u>\$ 11,292,928</u>
Percentage of total operating expenses	<u>1.7%</u>	<u>3.4%</u>	<u>0.3%</u>				

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010**

	Unrestricted			Temporarily Restricted			2011 Total Funds	2010 Total Funds
	MEND	Treasure Trunk	Total	Capital Campaign	Operating	Total		
CASH FLOWS FROM OPERATING ACTIVITIES								
Net increase (decrease) in net assets	\$ 351,139	\$ (5,343)	\$ 345,796	\$ (14,402)	\$ 31,836	\$ 17,434	\$ 363,230	\$(184,226)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:								
Depreciation and amortization	337,708	-	337,708	-	-	-	337,708	316,601
Bad debts	-	-	-	-	-	-	-	1,503
Decrease (increase) in assets -								
Accounts receivable	(107,946)	-	(107,946)	5,000	-	5,000	(102,946)	69,860
Inventory	(44,489)	-	(44,489)	-	-	-	(44,489)	(38,248)
Prepaid expenses	2,646	-	2,646	5,000	-	5,000	7,646	(14,016)
Interfund receivable (payable)	31,836	-	31,836	-	(31,836)	(31,836)	-	-
Deposits	(151,470)	40,000	(111,470)	-	-	-	(111,470)	(715)
Increase (decrease) in liabilities -								
Accounts payable	(8,040)	-	(8,040)	-	-	-	(8,040)	(53,430)
Accrued payroll and payroll taxes	7,292	-	7,292	-	-	-	7,292	843
Accrued vacation	8,377	-	8,377	-	-	-	8,377	3,094
Unearned rental income	-	-	-	-	-	-	-	(10,665)
Security deposit	-	-	-	-	-	-	-	(17,570)
Net Cash Provided By (Used In)								
Operating Activities	<u>427,053</u>	<u>34,657</u>	<u>461,710</u>	<u>(4,402)</u>	<u>-</u>	<u>(4,402)</u>	<u>457,308</u>	<u>73,031</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Net (increase) decrease in short term investments	-	-	-	(18)	-	(18)	(18)	68,079
Purchase of property and equipment	(111,614)	-	(111,614)	-	-	-	(111,614)	(64,596)
Net Cash Provided by (Used In)								
Investing Activities	<u>(111,614)</u>	<u>-</u>	<u>(111,614)</u>	<u>(18)</u>	<u>-</u>	<u>(18)</u>	<u>(111,632)</u>	<u>3,483</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Net decrease in line of credit	(247,000)	-	(247,000)	-	-	-	(247,000)	(3,000)
Repayment of long-term debt	(121,453)	(41,605)	(163,058)	-	-	-	(163,058)	(396,830)
Net Cash Provided by (Used In)								
Financing Activities	<u>(368,453)</u>	<u>(41,605)</u>	<u>(410,058)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(410,058)</u>	<u>(399,830)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>(53,014)</u>	<u>(6,948)</u>	<u>(59,962)</u>	<u>(4,420)</u>	<u>-</u>	<u>(4,420)</u>	<u>(64,382)</u>	<u>(323,316)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>356,396</u>	<u>7,448</u>	<u>363,844</u>	<u>23,267</u>	<u>-</u>	<u>23,267</u>	<u>387,111</u>	<u>710,427</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 303,382</u>	<u>\$ 500</u>	<u>\$ 303,882</u>	<u>\$ 18,847</u>	<u>\$ -</u>	<u>\$ 18,847</u>	<u>\$ 322,729</u>	<u>\$ 387,111</u>
SUPPLEMENTARY INFORMATION								
Interest paid							<u>\$ 37,488</u>	<u>\$ 73,021</u>
Non-Cash Investing Activities:								
Note payable due from the Capital Campaign fund was transferred to the Unrestricted fund							<u>\$ -</u>	<u>\$ 450,600</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011**

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 1,200 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, 2010, from which the summarized information was derived.

MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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. Current activity represents the outstanding lease commitment assumed by MEND, net of sub-lease rental income.

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, 2011

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, 2011**

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 75 full-time employees. For the year ended June 30, 2011, the Organization recorded total in-kind contributions of \$8,822,466, which consisted of \$7,903,978 of food, clothing, medical and dental supplies and \$918,488 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, 2011, cash and cash equivalents and short term investments consisted of the following:

	Unrestricted	Temporarily Restricted
Cash and cash equivalents		
Citibank - checking account	\$ 91,406	\$ -
Citibank - money market account	175,014	-
Citibank - SF Pierce Building Fund	-	18,847
Wells Fargo - Executive Director's Discretionary Fund	34,473	-
Wells Fargo - Treasure Trunk savings account	500	-
Petty cash funds	2,489	-
Cash and cash equivalents	\$ 303,882	\$ 18,847

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

	Unrestricted	Temporarily Restricted
Short term investments		
Certificates of deposit		
Pacoima Credit Union	\$ -	\$ 1,355

NOTE 4: INVENTORY

At June 30, 2011 inventory was comprised of the following:

Food	\$ 324,942
Clothing	40,236
Medical	54,532
Dental	36,087
	\$ 455,797

NOTE 5: PROPERTY AND EQUIPMENT

At June 30, 2011, property and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 8,549,338	\$ 923,786	\$ 7,625,552
Land	1,440,834	-	1,440,834
Building improvements	1,491,785	657,572	834,213
Program equipment	462,948	296,327	166,621
Vehicles	130,050	109,776	20,274
	\$ 12,074,955	\$ 1,987,461	\$ 10,087,494

Depreciation expense for the year ended June 30, 2011 was \$337,708.

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, 2011 was 7%. At June 30, 2011 there was no outstanding balance.

**MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7: LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2011 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, 2011 was 7.25%.	\$ 329,147
Note payable, unsecured, payable in monthly payments of \$354 principal and interest, at 5% maturing August 30, 2017.	22,528
	351,675
Less current maturities	(99,573)
	\$ 252,102

Maturities of long-term liabilities are as follows:

Year Ending June 30,	
2012	\$ 99,573
2013	107,063
2014	115,119
2015	21,205
2016	3,906
2017 and thereafter	4,809
	\$ 351,675

MEND-MEET EACH NEED WITH DIGNITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8: LEASES

The Organization leased a building in Granada Hills, California which was the former location of its Treasure Trunk operation. The lease was for 61 months with minimum lease payments of \$10,035 plus CAM and taxes for the second through thirteenth months, \$9,589 plus CAM and taxes for the next twelve months, with annual increases of between 3% and 6% thereafter, based upon the current Consumer Price Index. The lease expired in February 2011.

The Organization subleased this property for a portion of the year and received \$15,888 in rental income.

The Organization is subleasing office and warehouse space at its Van Nuys facility to another non profit entity for \$13,398 per month on a month to month basis.

Total rent expense for the year ended June 30, 2011 was \$101,361.

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2011, the date on which the financial statements were available to be issued.