



MEND - MEET EACH NEED WITH DIGNITY

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MEND - Meet Each Need with Dignity

Opinion

We have audited the accompanying financial statements of MEND - Meet Each Need with Dignity (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

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 December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MEND - Meet Each Need with Dignity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MEND - Meet Each Need with Dignity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITORS' REPORT

continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 MEND - Meet Each Need with Dignity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MEND - Meet Each Need with Dignity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited MEND - Meet Each Need with Dignity's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2025, on our consideration of MEND - Meet Each Need with Dignity's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MEND - Meet Each Need with Dignity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MEND - Meet Each Need with Dignity's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
May 13, 2025

MEND - MEET EACH NEED WITH DIGNITY

STATEMENT OF FINANCIAL POSITION

December 31, 2024

With comparative totals at December 31, 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 272,416	\$ 331,296
Accounts receivable	532,326	640,647
Inventories (Note 4)	474,456	607,775
Prepaid expenses	116,674	68,976
Investments (Note 5)	4,249,144	4,092,403
Property and equipment (Note 7)	6,552,388	6,448,391
TOTAL ASSETS	\$ 12,197,404	\$ 12,189,488
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 134,963	\$ 117,553
Accrued liabilities (Note 8)	182,489	244,379
TOTAL LIABILITIES	317,452	361,932
NET ASSETS		
Without donor restrictions		
Undesignated	9,596,972	9,308,637
Designated by the Board for operating reserve	1,722,031	1,422,859
With donor restrictions		
Purpose and time restrictions (Note 10)	333,475	889,094
Perpetual in nature (Note 11)	227,474	206,966
TOTAL NET ASSETS	11,879,952	11,827,556
TOTAL LIABILITIES AND NET ASSETS	\$ 12,197,404	\$ 12,189,488

The accompanying notes are an integral part of these financial statements.

MEND - MEET EACH NEED WITH DIGNITY

STATEMENT OF ACTIVITIES

For the year ended December 31, 2024

With comparative totals for the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
REVENUE AND SUPPORT				
Donated materials (Note 2)	\$ 6,045,986	\$ -	\$ 6,045,986	\$ 6,998,633
Contributions	1,737,843	197,000	1,934,843	2,727,012
Government grants	1,448,206		1,448,206	2,591,596
Program income	971,205		971,205	494,039
Gain on investments	162,438	16,511	178,949	59,269
Interest and dividend income	165,813	9,610	175,423	159,378
Special event (net of expense of \$81,674)	164,223		164,223	218,045
Rental income	89,998		89,998	73,520
Gain (loss) on disposal of assets	3,000		3,000	(1,176)
Other income	53		53	977
Net assets released from restrictions (Note 10)	758,232	(758,232)	-	-
TOTAL REVENUE AND SUPPORT	11,546,997	(535,111)	11,011,886	13,321,293
EXPENSES				
Program services	9,364,047		9,364,047	11,043,422
General and administrative	1,051,552		1,051,552	701,760
Fund development	543,891		543,891	562,853
TOTAL EXPENSES	10,959,490	-	10,959,490	12,308,035
CHANGE IN NET ASSETS	587,507	(535,111)	52,396	1,013,258
NET ASSETS, BEGINNING OF YEAR	10,731,496	1,096,060	11,827,556	10,814,298
NET ASSETS, END OF YEAR	\$ 11,319,003	\$ 560,949	\$ 11,879,952	\$ 11,827,556

The accompanying notes are an integral part of these financial statements.

MEND - MEET EACH NEED WITH DIGNITY

STATEMENT OF FUNCTIONAL EXPENSES For the year ended December 31, 2024 With comparative totals for the year ended December 31, 2023

	Program Services	Support Services		Total Support Services	Total Expenses	
		General and Administrative	Fund Development		2024	2023
Salaries and wages	\$ 1,667,782	\$ 571,753	\$ 354,207	\$ 925,960	\$ 2,593,742	\$ 2,636,992
Payroll taxes and workers compensation	160,304	45,101	30,369	75,470	235,774	201,089
Employee benefits	177,357	67,708	34,663	102,371	279,728	216,433
Total personnel costs	2,005,443	684,562	419,239	1,103,801	3,109,244	3,054,514
In-kind donated materials	6,167,711			-	6,167,711	6,530,234
Contracted services	124,359	122,936	27,501	150,437	274,796	226,966
Grant expenses	259,800			-	259,800	1,188,800
Repairs and maintenance	62,590	92,018	550	92,568	155,158	44,915
Utilities	96,452	12,340	2,311	14,651	111,103	107,122
Food	102,162			-	102,162	221,576
Insurance	51,766	41,598	1,216	42,814	94,580	47,960
Office expenses	19,987	42,897	25,340	68,237	88,224	71,421
Program outreach	69,230	39		39	69,269	63,119
Professional fees	54,062			-	54,062	41,969
Fundraising			44,962	44,962	44,962	47,282
Equipment	17,986	19,788	2,080	21,868	39,854	3,588
License and permits	21,598	4,302	2,776	7,078	28,676	32,837
Auto expenses	21,267	124		124	21,391	70,387
Supplies	12,735	8,250	299	8,549	21,284	295,816
Telephone	10,445	5,098	1,301	6,399	16,844	17,865
Postage and printing	1,186	2,265	4,521	6,786	7,972	3,671
Property taxes	3,464	1,279	83	1,362	4,826	6,123
Lease	1,364	779	1,942	2,721	4,085	6,261
Marketing and advertising			3,530	3,530	3,530	-
Total functional expenses before depreciation	9,103,607	1,038,275	537,651	1,575,926	10,679,533	12,082,426
Depreciation	260,440	13,277	6,240	19,517	279,957	225,609
TOTAL 2024 FUNCTIONAL EXPENSES	\$ 9,364,047	\$ 1,051,552	\$ 543,891	\$ 1,595,443	\$ 10,959,490	
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 11,043,422	\$ 701,760	\$ 562,853	\$ 1,264,613		\$ 12,308,035

The accompanying notes are an integral part of these financial statements.

MEND - MEET EACH NEED WITH DIGNITY

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

With comparative totals for the year ended December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 52,396	\$ 1,013,258
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	279,957	225,609
(Gain) loss on sale of property and equipment	(3,000)	1,176
(Gain) on investments	(178,949)	(59,269)
Non-cash contribution of property and equipment	-	(185,919)
Interest and dividends reinvested	(175,423)	(159,378)
(Increase) decrease in operating assets:		
Accounts receivable	108,321	(204,533)
Employee retention credit	-	409,264
Inventories	133,319	(290,283)
Prepaid expenses	(47,698)	(4,753)
Increase (decrease) in operating liabilities:		
Accounts payable	17,410	35,754
Accrued expenses	(61,890)	83,714
NET CASH PROVIDED BY OPERATING ACTIVITIES	124,443	864,640
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(2,109,246)	(2,768,033)
Proceeds from sale of investments	2,306,877	943,429
Purchase of property and equipment	(383,954)	(153,514)
Proceeds from sales of Property and equipment	3,000	-
NET CASH (USED) BY INVESTING ACTIVITIES	(183,323)	(1,978,118)
NET (DECREASE) IN CASH	(58,880)	(1,113,478)
CASH, BEGINNING OF YEAR	331,296	1,444,774
CASH, END OF YEAR	\$ 272,416	\$ 331,296

The accompanying notes are an integral part of these financial statements.

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

1. Organization

MEND - Meet Each Need with Dignity (“MEND”) is a community based, California nonprofit public benefit corporation. With dignity and respect, MEND’s mission is to meet the immediate needs of individuals and families and increase their access to opportunities that strengthen their capacity to thrive. MEND’s mission has endured since inception and continues to anchor our work. We have provided uninterrupted core services (food, homeless services) for 54 years, and since 2021, we’re also offering comprehensive interventions to help participants address recurring and often, deep-seated challenges that keep them from thriving.

COMMUNITY NOURISHMENT PROGRAMS are a combination of food services that provide the community with access to good nutrition and have done so for over 5 decades. In 2024, CNP distributed 3.4MM lbs. of food benefiting 308,247 people. Services include:

- *Buen Provecho Farmers’ Market* – A monthly no-cost “farmers market” offers additional fresh *Food Pantry* – This service provides direct access to food for those in our community who are low-income, homeless and food-insecure. Open twice a week and one Saturday a month, the food pantry serves approximately 1,000-1200 households per week. Offering a choice driven model, participants are able to select from an array of fresh fruits and vegetables, proteins, dairy, and non-perishables.
- *Food Bank* – Through the food bank, MEND supported 44 community and faith-based food pantries across the County in 2024, thus expanding impact into multiple poor communities in Los Angeles. Through these partners, MEND distributed almost 3.5MM lbs. of good food.
- *Buen Provecho Farmers’ Market* – A monthly no-cost “farmers market” offers additional fresh produce to the community.
- *Little Health Market* – MEND recognizes that poor and food insecure individuals and families sometimes struggle to manage serious and chronic health conditions such as obesity, diabetes, and hypertension. To address these challenges, MEND offers Pathways to Wellness, which among other interventions provides participants with access to the Little Health Market. This resource is stocked with healthy oils, whole grains (quinoa, brown rice, etc.), low-sodium and low-sugar alternatives, etc.

HERE WE THRIVE is a multi-disciplinary response to the core issues that many participants experience and which have kept them reliant on crisis services. It offers intensive case-management services focused on equipping them with skills and connecting them to resources to address their myriad health, social and economic challenges. The program offers three critical service interventions:

- *Pathways to Wellness* is designed for those of our participants with a diet-related chronic health condition that they could better address with improved nutrition and exercise, as well as behavior and lifestyle change. The program offers 3 pathways, each with increasingly intensive services. Participants engage in nutrition classes, walking group, cooking demonstrations, etc., and a smaller number work with a wellness coach for individualized help. *Living Wise and Well* is a Pathways service offered to seniors age 55+ providing relevant health education, gentle exercise classes, opportunities for social connection, and curated food bags.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

- *Gateways:* Employment Services help under-resourced, low-income, un/under-employed people gain and retain employment. Participants have access to self-guided job search activities, including completing a resume, attending workshops on soft-skills, financial literacy and mock interviews. A smaller cohort, those who are hardest to place in employment, are offered one-on-one support. To engage local employers, MEND holds regular onsite job fairs.
- *Connections:* Resource Coordination links people in need to resources not offered by MEND, including applying for benefits, referrals to other community services, etc. This program also offers FIRST STEP services to address the needs of those who are homeless, providing them access to nutritious food, clothing, hygiene items, information on other resources, and referrals to community partners who have additional help, etc.
- *Hope & Care:* Focuses on mental health information and support to households with children aged 0-5 and provides three levels of service. Community outreach, mental health & parenting education, and light case management. Additionally, the program offers multiple supports to help meet the everyday needs of community members including helping them qualify for rental/utility assistance, CalFresh, diapers, backpacks, and help with essentials.
- *Enhanced Care Management:* Under a subcontract with another nonprofit organization, MEND is able to offer a variety of services to Medi-Cal members with complex needs, offering care coordination that goes beyond medical treatment to address social determinants of health such as transportation, housing, and more.

OTHER SERVICES: Finally, MEND collaborates with numerous community partners offering services such as financial education, medical screenings, vaccinations, and access to annual in-house tax prep assistance. And every year, MEND celebrates the holidays by distributing board games to families and hosting a sit-down Seat at the Table brunch for those of our clients who are homeless, elderly and/or alone.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Designated Net Assets. The Board of Directors has designated certain resources for a capital reserve to assure long-term stability in light of uncertainties with funding sources. Accordingly, these amounts are shown as unrestricted designated net assets and are not to be used for general operations without a majority vote of the Board.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Concentration of Credit Risks

MEND places its cash and cash equivalents in bank deposit accounts at high-credit, quality financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation insurance limit. MEND has not incurred losses related to these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

MEND invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Market risks include global events which could impact the value of investments securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that change in the values of investments securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. The Board routinely reviews the performance of its investments.

Approximately 55% of total revenues generated at December 31, 2024 are derived from donated goods.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Accounts Receivable

Accounts receivable represent amounts due from government entities, other organizations, and individuals, all of which are expected to be collected within one year from December 31, 2024. The receivables are recorded at their net realizable value, which reflects the amount expected to be collected.

Management evaluates the collectability of receivables on an ongoing basis, considering factors such as the age of the balances, historical collection experience, current economic conditions, and the creditworthiness of the counterparties. This assessment is performed in accordance with the updated auditing standards and the provisions outlined in Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.

In line with ASU 2016-13, management applies the current expected credit loss (CECL) model, which requires the recognition of expected credit losses over the life of the receivable, regardless of whether a loss event has occurred. As of December 31, 2024, management has determined that all recorded receivables are fully collectible, with no allowance for credit losses deemed necessary based on the available information and historical trends.

Management will continue to monitor the receivables and reassess collectability regularly, adjusting estimates as needed to reflect changes in credit risk or economic conditions.

Inventory

Inventory consists of donated food, clothing, pandemic assistance supplies (also known as “hope and care” inventory) and miscellaneous items. Non-Federally funded donated items are valued at their estimated fair value using relevant research from leading nonprofit organizations on national average prices for food and clothing, and bulk wholesale estimated prices for hope and care and miscellaneous inventory. Federally funded donated items are valued at invoiced amounts by the Los Angeles Regional Food Bank.

Purchased surplus inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotations. Investments for which the fair market values are not readily determinable are recorded at cost or, if received as a contribution, at their fair market values as determined at the time of the gift. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses and interest and dividend income are reflected in the Statement of Activities as net investment gain or (loss), net of investment management fees.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

MEND is required to measure certain investments and donated goods at fair value. The specific techniques used to measure fair value for the financial statement element is described in the notes below that relate to the element.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

Donated Materials

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are measured on a non-recurring basis and recorded at fair value in the period received.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated materials for the year ended December 31, 2024, consist of the following:

<u>Non-financial Assets</u>	<u>Amount</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
Federal Food	\$1,406,609	None	Valued at invoiced amounts from Los Angeles Regional Food Bank
Non-Federal Food	4,556,681	None	Valued at \$1.97 per pound, based on relevant research from a leading nonprofit organization on national average prices for food
Hope and care items	68,925	None	Values established by donor and on-line review
Miscellaneous items	<u>13,771</u>	None	Values established by donor and on-line review
	<u>\$6,045,986</u>		

Income Taxes

MEND is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by MEND in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. MEND's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing MEND's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. MEND uses both payroll hours and square footage to allocate indirect costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could vary from those estimates.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Leases

MEND applied Accounting Standards Codification (“ASC”) 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period of time in excess of twelve months in exchange for consideration. MEND defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. MEND further determined that the existing lease is an operating lease. However, no right of use assets nor liabilities was included in the Statement of Financial Position because the amount calculated was immaterial to the financial statements.

Revenue and Revenue Recognition

MEND recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of MEND’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when MEND has incurred expenditures in compliance with specific contract or grant provisions.

Comparative Totals

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with MEND’s financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through May 13, 2025, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources

MEND regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of liquidity management, MEND has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. MEND has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and investments in marketable securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, MEND considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, fundraising, and investments. The Board of directors meets regularly to review all marketable security investments of MEND.

As of December 31, 2024, the following financial assets could readily be made available within one year of the statement of financial position date to meet its operational cash flow needs:

Cash and cash equivalents	\$ 272,416
Accounts receivable	532,326
Investments	<u>4,249,144</u>
Financial assets at year-end	<u>5,053,886</u>
Less: Those unavailable for general expenditures within one year:	
Purpose and time restrictions	(333,475)
Perpetual in nature	<u>(227,474)</u>
Net restrictions at year-end	<u>(560,949)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,492,937</u>

4. Inventories

As of December 31, 2024, inventories consisted of the following:

Food	\$435,493
Hope and care items	30,926
Gift cards	7,368
Miscellaneous	<u>669</u>
	<u>\$474,456</u>

As of December 31, 2024, food inventory consisted of 221,062 pounds of food.

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

5. Investments

Investments at December 31, 2024 are summarized as follows:

Fixed income	\$ 692,049
Exchange traded funds	1,359,222
Mutual funds	961,863
Money market funds	646,677
Cash and cash equivalents	<u>589,333</u>
	<u>\$4,249,144</u>

Investment balances as of December 31, 2024 are held for the following purposes:

Investment with board designations	\$1,720,653
Endowment investments	227,474
Investments without board designations	<u>2,301,017</u>
	<u>\$4,249,144</u>

6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2024 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 646,677	\$ -	\$ -	\$ 646,677
Fixed income:				
Certificates of deposit	100,165			100,165
Corporate bonds		188,888		188,888
T-bills	402,996			402,996
Exchange traded funds	1,359,222			1,359,222
Mutual funds	<u>961,863</u>			<u>961,863</u>
	<u>\$3,470,923</u>	<u>\$188,888</u>	<u>\$ -</u>	<u>\$3,659,811</u>

The fair values of money market funds, certificates of deposit, T-bills, exchange traded funds and mutual funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of corporate bonds have been measured on a recurring basis using quoted prices in active markets for the same or similar assets (Level 2 inputs).

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

6. Fair Value Measurements, continued

The table below present transactions measured at fair value on a non-recurring basis during the year ended December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated materials	<u>\$ -</u>	<u>\$6,045,986</u>	<u>\$ -</u>	<u>\$6,045,986</u>

The fair value of donated materials has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

7. Property and Equipment

Property and equipment at December 31, 2024 consist of the following:

Building	\$ 8,423,881
Equipment	289,010
Vehicles	383,682
Building improvements	<u>392,318</u>
	9,488,891
Accumulated depreciation	<u>(4,031,231)</u>
	5,457,660
Land	<u>1,094,728</u>
	<u>\$ 6,552,388</u>

Depreciation expense for the year ended December 31, 2024 was \$279,957.

8. Accrued Liabilities

Accrued compensation and related liabilities at December 31, 2024 consist of accrued vacation and other benefit payables of \$182,489.

9. Commitments and Contingencies

Grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, MEND has no provisions for the possible disallowance of program costs on its financial statements.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

10. Net Assets

Net assets with donor restrictions at December 31, 2024 consist of the following:

Endowment funds (see Note 11)	<u>\$227,474</u>
Capital campaign	\$260,029
Community nourishment program	60,171
General Operations	<u>13,275</u>
	<u>333,475</u>
	<u>\$560,949</u>

For the year ended December 31, 2024, total net assets released from purpose restrictions were \$758,232.

With proceeds from the sale of a property in 2019, MEND created two separate board designated funds. One fund is an investment fund (board designated reserve). The goal of the investment fund is to support MEND into the future or to respond to catastrophic or unforeseen major events.

The second board designated fund is an operating reserve fund to be used for short-term cash shortages, to finance any delays in expected funding or to fund the inception of a new program. These funds are to be replenished within 180 days of use or, if longer, the board will be given written justification for any delay in replenishment. The operating reserve is available for use in the next 12 months if necessary and therefore not included in the unavailable funds within one year referred to below in Note 11. Use of both funds requires board approval.

11. Endowment

MEND received its first endowment gift from a donor during the year ended June 30, 2021, the earnings of which may be used for general operations. The assets of \$227,474 were held in a money market fund during the year ended December 31, 2024. The endowment earnings was \$9,610 in interest and \$16,511 in unrealized gains during the year ended December 31, 2024.

The policies have been developed in conformity with the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”).

Return Objectives and Risk Parameters

MEND has adopted investment and spending policies for its endowments assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that MEND must hold in perpetuity. Under this policy the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. MEND expects its endowment funds, over time, to provide an average rate of return of approximately 4 to 6% annually. Actual returns in any given year may vary from this amount.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

11. Endowment, continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of return objectives, MEND relies on a total return strategy in which investment return are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MEND targets a diversified assets allocation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

MEND adopted a spending policy which provides a stable spend rate over time. The overall goal for endowment assets is to produce a real (after inflation) average annual rate of return, net of fees, which will provide for a 2% to 4% annual spending policy distribution. Actual results during any period may vary from these expectations.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires. There were no funds with deficiencies as of December 31, 2024.