

**MEND - MEET EACH NEED WITH DIGNITY**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

## CONTENTS

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Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-17

## INDEPENDENT AUDITORS' REPORT

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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, 2023, 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, 2023, 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

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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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 30, 2024, 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 30, 2024

## MEND - MEET EACH NEED WITH DIGNITY

### STATEMENT OF FINANCIAL POSITION

December 31, 2023

With comparative totals at December 31, 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 331,296	\$ 1,444,774
Accounts receivable	640,647	436,114
Employee retention credit receivable	-	409,264
Inventories (Note 4)	607,775	317,492
Prepaid expenses	68,976	64,223
Investments (Note 5)	4,092,403	2,049,152
Property and equipment (Note 7)	6,448,391	6,335,743
<b>TOTAL ASSETS</b>	<b>\$ 12,189,488</b>	<b>\$ 11,056,762</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	117,553	81,799
Accrued liabilities (Note 8)	244,379	160,665
<b>TOTAL LIABILITIES</b>	<b>361,932</b>	<b>242,464</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	9,308,637	8,956,666
Designated by the Board for operating reserve	1,422,859	1,422,859
With donor restrictions		
Purpose and time restrictions (Note 10)	889,094	258,617
Perpetual in nature (Note 11)	206,966	176,156
<b>TOTAL NET ASSETS</b>	<b>11,827,556</b>	<b>10,814,298</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,189,488</b>	<b>\$ 11,056,762</b>

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, 2023

With comparative totals for the year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
<b>REVENUE AND SUPPORT</b>				
Donated goods (Note 2)	\$ 6,998,633	\$ -	\$ 6,998,633	\$ 6,870,411
Contributions	1,618,604	1,108,408	2,727,012	2,218,372
Government grants	2,591,596		2,591,596	1,568,686
Program income	494,039		494,039	97,991
Special event (net of expense of \$66,457)	218,045		218,045	187,227
Interest and dividend income	128,568	30,810	159,378	31,399
Rental income	73,520		73,520	62,864
Gain (loss) on investments	59,269		59,269	(75,461)
Other income	977		977	3,476
Employee retention credit			-	409,264
(Loss) gain on disposal of assets	(1,176)		(1,176)	2,167
Net assets released from restrictions (Note 10)	477,931	(477,931)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>12,660,006</u>	<u>661,287</u>	<u>13,321,293</u>	<u>11,376,396</u>
<b>EXPENSES</b>				
Program services	11,043,422		11,043,422	9,906,314
General and administrative	701,760		701,760	608,459
Fund development	562,853		562,853	470,380
<b>TOTAL EXPENSES</b>	<u>12,308,035</u>	<u>-</u>	<u>12,308,035</u>	<u>10,985,153</u>
<b>CHANGE IN NET ASSETS</b>	351,971	661,287	1,013,258	391,243
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>10,379,525</u>	<u>434,773</u>	<u>10,814,298</u>	<u>10,423,055</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 10,731,496</u>	<u>\$ 1,096,060</u>	<u>\$ 11,827,556</u>	<u>\$ 10,814,298</u>

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, 2023  
With comparative totals for the year ended December 31, 2022

	Program Services	Support Services		Total Support Services	Total Expenses	
		General and Administrative	Fund Development		2023	2022
Salaries and wages	\$ 1,836,878	\$ 442,811	\$ 357,303	\$ 800,114	\$ 2,636,992	\$ 2,461,920
Payroll taxes and workers compensation	139,884	33,998	27,207	61,205	201,089	198,623
Employee benefits	149,734	37,230	29,469	66,699	216,433	179,113
Total personnel costs	2,126,496	514,039	413,979	928,018	3,054,514	2,839,656
In-kind donated goods and services	6,529,689		545	545	6,530,234	6,831,923
Grant expenses	1,188,800			-	1,188,800	-
Supplies	280,641	12,036	3,139	15,175	295,816	224,879
Contracted services	151,128	35,751	40,087	75,838	226,966	197,634
Food	221,576			-	221,576	79,124
Utilities	95,623	7,569	3,930	11,499	107,122	106,745
Office expenses	17,350	23,749	30,322	54,071	71,421	91,393
Auto expenses	70,387			-	70,387	66,889
Program outreach	63,119			-	63,119	55,076
Insurance	13,507	33,910	543	34,453	47,960	51,580
Fundraising			47,282	47,282	47,282	58,324
Repairs and maintenance	35,646	8,197	1,072	9,269	44,915	37,307
Professional fees		38,200	3,769	41,969	41,969	30,347
License and permits	24,785	5,540	2,512	8,052	32,837	32,837
Telephone	12,911	3,405	1,549	4,954	17,865	12,422
Lease	2,405	1,294	2,562	3,856	6,261	6,491
Property taxes	5,467	431	225	656	6,123	7,235
Postage and printing	420	194	3,057	3,251	3,671	4,446
Equipment	2,026	1,562		1,562	3,588	9,188
Marketing and advertising				-	-	2,650
Total functional expenses before depreciation	10,841,976	685,877	554,573	1,240,450	12,082,426	10,746,146
Depreciation	201,446	15,883	8,280	24,163	225,609	239,007
<b>TOTAL 2023 FUNCTIONAL EXPENSES</b>	<b>\$ 11,043,422</b>	<b>\$ 701,760</b>	<b>\$ 562,853</b>	<b>\$ 1,264,613</b>	<b>\$ 12,308,035</b>	
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 9,906,314	\$ 608,459	\$ 470,380	\$ 1,078,839		\$ 10,985,153

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, 2023

With comparative totals for the year ended December 31, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,013,258	\$ 391,243
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	225,609	239,007
Loss (gain) on sale of property and equipment	1,176	(2,167)
(Gain) loss on investments	(59,269)	75,461
Noncash contribution of property and equipment	(185,919)	-
Interest and dividends reinvested	(159,378)	(31,399)
(Increase) decrease in operating assets:		
Accounts receivable	(204,533)	(183,876)
Employee retention credit	409,264	(409,264)
Inventories	(290,283)	(38,007)
Prepaid expenses	(4,753)	12,598
Increase (decrease) in operating liabilities:		
Accounts payable	35,754	28,393
Accrued expenses	83,714	(20,248)
	<b>864,640</b>	<b>61,741</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(2,768,033)	(703,488)
Proceeds from sale of investments	943,429	916,397
Purchase of property and equipment	(153,514)	(6,475)
Proceeds from sale of property and equipment	-	5,000
	<b>(1,978,118)</b>	<b>211,434</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(1,113,478)</b>	<b>273,175</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,444,774</b>	<b>1,171,599</b>
<b>CASH, END OF YEAR</b>	<b>\$ 331,296</b>	<b>\$ 1,444,774</b>

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



# MEND - MEET EACH NEED WITH DIGNITY

## NOTES TO FINANCIAL STATEMENTS

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### 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 52 years, and since 2021, we’re also offering intensive interventions to help families 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 2022, CNP distributed 3.2MM lbs. of food benefiting 283,478 people. Services include:

- *Buen Provecho Farmers’ Market* – A monthly no-cost “farmers market” offers additional fresh produce to the community. Unlike the pre-packed grocery bags clients receive weekly, the farmers’ market allows self-selection of unlimited quantities of fruits and vegetables.
- *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.
- *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 800-1,000 households per week. Each grocery bag is packed carefully with breakfast items (eggs, bread, oatmeal, etc.), proteins such as chicken and/or tuna, and an additional 10 lbs. or more of shelf-stable canned and dry goods (rice, beans, corn meal, etc.) and fresh produce.
- *Food Bank* – Through our food bank, MEND supported 42 community and faith-based food pantries across the County in 2023, thus expanding impact into multiple poor communities in Los Angeles. Through these partners, MEND distributed almost 1MM lbs. of good food.

HERE WE THRIVE is a multi-disciplinary response to the core issues that many of clients 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 chronic health condition that they could better address with improved nutrition and exercise, as well as behavior and lifestyle change. The program offers 3 tiers, each with increasingly intensive services. Participants engage in nutrition classes, walking group, cooking demonstrations, etc., and a smaller number work with a case manager for individualized help.

continued

# MEND - MEET EACH NEED WITH DIGNITY

## NOTES TO FINANCIAL STATEMENTS

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### 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 quarterly onsite job fairs.
- *Connections*: Resource Coordination links people in need to partner resources not offered directly by MEND, including applying for benefits, referrals to other community services, etc.

Thursday FIRST STEP services 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.

OTHER SERVICES: Finally, MEND also offers multiple supports to help meet the everyday needs of community members including helping them qualify for rental/utility assistance, CalFresh, diapers, backpacks, help with essentials and access to annual in-house tax prep assistance. And every year, MEND also 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:

**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.

continued

# MEND - MEET EACH NEED WITH DIGNITY

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

**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 53% of total revenues generated at December 31, 2023 are derived from donated goods.

Accounts receivable are receivables from government entities, other organizations, and individuals, which are all due within one year from December 31, 2023. Management regularly reviews receivables and considers the receivable recorded at December 31, 2023 to be fully collectible.

#### Inventory

Inventory consists of donated food, clothing, pandemic assistance supplies (also known as “hope and care” inventory) and miscellaneous items. 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.

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

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### 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 and Services**

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

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### 2. Summary of Significant Accounting Policies, continued

Donated materials for the year ended December 31, 2023, consist of the following:

<u>Non-financial Assets</u>	<u>Amount</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
Food	\$6,605,904	None	Valued at \$1.92 per pound, based on relevant research from a leading nonprofit organization on national average prices for food
Vehicles	185,919	None	Values established by donor
Hope and care items	184,311	None	Values established by donor and on-line review
Miscellaneous items	<u>22,499</u>	None	Values established by donor and on-line review
	<u>\$6,998,633</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

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### 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, 2022, from which the summarized information was derived.

# MEND - MEET EACH NEED WITH DIGNITY

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023, 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	\$ 331,296
Accounts receivable	640,647
Investments	<u>4,092,403</u>
Financial assets at year-end	<u>5,064,346</u>
Less: Those unavailable for general expenditures within one year:	
Purpose and time restrictions	(889,093)
Perpetual in nature	<u>(206,966)</u>
Net restrictions at year-end	<u>(1,096,059)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,968,287</u>

### 4. Inventories

As of December 31, 2023, inventories consisted of the following:

Food	\$548,637
Hope and care items	37,046
Gift cards	16,833
Miscellaneous	<u>5,259</u>
	<u>\$607,775</u>

As of December 31, 2023, food inventory consisted of 285,748 pounds of food.

## MEND - MEET EACH NEED WITH DIGNITY

### NOTES TO FINANCIAL STATEMENTS

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#### 5. Investments

Investments at December 31, 2023 are summarized as follows:

Fixed income	\$1,725,276
Exchange traded funds	1,116,318
Mutual funds	694,616
Money market funds	552,591
Cash and cash equivalents	<u>3,602</u>
	<u>\$4,092,403</u>

Investment balances as of December 31, 2023 are held for the following purposes:

Investment with board designations	\$1,422,859
Endowment investments	206,966
Investments without board designations	<u>2,462,578</u>
	<u>\$4,092,403</u>

#### 6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2023 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 552,591	\$ -	\$ -	\$ 552,591
Fixed income:				
Certificates of deposit	99,680			99,680
Corporate bonds		24,946		24,946
T-bills	1,600,650			1,600,650
Exchange traded funds	1,116,318			1,116,318
Mutual funds	<u>694,616</u>			<u>694,616</u>
	<u>\$4,063,855</u>	<u>\$24,946</u>	<u>\$ -</u>	<u>\$4,088,801</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

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### 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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated goods	<u>\$-----</u>	<u>\$6,998,633</u>	<u>\$-----</u>	<u>\$6,998,633</u>

The fair value of donated goods 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, 2023 consist of the following:

Building	\$ 8,423,881
Equipment	252,402
Vehicles	322,677
Building improvements	250,457
Construction in progress	<u>3,500</u>
	9,252,917
Accumulated depreciation	<u>(3,899,254)</u>
	5,353,663
Land	<u>1,094,728</u>
	<u>\$ 6,448,391</u>

Depreciation expense for the year ended December 31, 2023 was \$225,609.

### 8. Accrued Liabilities

Accrued compensation and related liabilities at December 31, 2023 consist of accrued vacation and other benefit payables of \$244,379.

### 9. Commitments and Contingencies

The Small Business Administration (“SBA”) reserves the right to review any loan made at their discretion. The SBA has indicated that it will review loans of \$2 million or more. Areas of review may include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. Paycheck Protection Program (“PPP”) loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

continued

# MEND - MEET EACH NEED WITH DIGNITY

## NOTES TO FINANCIAL STATEMENTS

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### 10. Net Assets

Net assets with donor restrictions at December 31, 2023 consist of the following:

Endowment funds (see Note 11)	<u>\$ 206,966</u>
Capital campaign	\$ 578,585
Community nourishment program	288,009
Connections	<u>22,500</u>
	<u>889,094</u>
	<u>\$1,096,059</u>

For the year ended December 31, 2023, total net assets released from purpose restrictions were \$477,931.

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 \$206,966 were held in a money market fund during the year ended December 31, 2023, pending finalization of MEND's endowment investment and spend policies. The endowment earnings was \$30,810 during the year ended December 31, 2023.

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

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### 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, 2023.

### 12. Subsequent Events

In April 2023, MEND received a grant from the State of California of \$747,000 through Senator Caroline Menjivar's office for capital improvements for programs.

Management has evaluated subsequent events through May 30, 2024, the date which the financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.