



MEND - MEET EACH NEED WITH DIGNITY

**FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION**

DECEMBER 31, 2025

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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, 2025, 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, 2025, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, 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 15, 2026, 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 15, 2026

MEND - MEET EACH NEED WITH DIGNITY

STATEMENT OF FINANCIAL POSITION

December 31, 2025

With comparative totals at December 31, 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 433,127	\$ 272,416
Accounts receivable	531,876	532,326
Inventories (Note 4)	423,769	474,456
Prepaid expenses	107,289	116,674
Investments (Note 5)	3,507,268	4,249,144
Property and equipment (Note 7)	6,487,665	6,552,388
TOTAL ASSETS	<u><u>\$ 11,490,994</u></u>	<u><u>\$ 12,197,404</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 28,295	\$ 134,963
Accrued liabilities (Note 8)	210,757	182,489
TOTAL LIABILITIES	<u>239,052</u>	<u>317,452</u>
NET ASSETS		
Without donor restrictions		
Undesignated	8,773,466	9,596,972
Designated by the Board for operating reserve	1,918,129	1,722,031
With donor restrictions		
Purpose and time restrictions (Note 10)	323,422	333,475
Perpetual in nature (Note 11)	236,925	227,474
TOTAL NET ASSETS	<u>11,251,942</u>	<u>11,879,952</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 11,490,994</u></u>	<u><u>\$ 12,197,404</u></u>

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, 2025

With comparative totals for the year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	2025	2024
REVENUE AND SUPPORT				
Donated materials (Note 2)	\$ 5,979,689	\$ -	\$ 5,979,689	\$ 6,045,986
Contributions	1,730,707	387,956	2,118,663	1,934,843
Government grants	1,205,253		1,205,253	1,448,206
Program income	882,940		882,940	971,205
Gain on investments	181,846	17,333	199,179	178,949
Special event (net of expense of \$51,843)	178,566		178,566	164,223
Interest and dividend income	117,846	8,185	126,031	175,423
Rental income	75,711		75,711	89,998
Gain on disposal of assets	18,500		18,500	3,000
Other income	10,682		10,682	53
Net assets released from restrictions (Note 10)	414,076	(414,076)	-	-
TOTAL REVENUE AND SUPPORT	10,795,816	(602)	10,795,214	11,011,886
EXPENSES				
Program services	9,789,825		9,789,825	9,364,047
General and administrative	930,084		930,084	1,051,552
Fund development	703,315		703,315	543,891
TOTAL EXPENSES	11,423,224	-	11,423,224	10,959,490
CHANGE IN NET ASSETS	(627,408)	(602)	(628,010)	52,396
NET ASSETS, BEGINNING OF YEAR	11,319,003	560,949	11,879,952	11,827,556
NET ASSETS, END OF YEAR	\$ 10,691,595	\$ 560,347	\$ 11,251,942	\$ 11,879,952

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, 2025
 With comparative totals for the year ended December 31, 2024

	Program Services	Support Services		Total Support Services	Total Expenses	
		General and Administrative	Fund Development		2025	2024
Salaries and wages	\$ 2,058,251	\$ 598,748	\$ 465,936	\$ 1,064,684	\$ 3,122,935	\$ 2,593,742
Payroll taxes and workers compensation	174,169	45,496	38,312	83,808	257,977	235,774
Employee benefits	203,598	44,286	39,620	83,906	287,504	279,728
Total personnel costs	2,436,018	688,530	543,868	1,232,398	3,668,416	3,109,244
In-kind donated materials	6,108,244			-	6,108,244	6,167,711
Contracted services	182,273	51,842	30,292	82,134	264,407	274,796
Food	172,918			-	172,918	102,162
Equipment	125,577	35,810	6,915	42,725	168,302	39,854
Utilities	106,091	11,902	3,740	15,642	121,733	111,103
Program outreach	86,660			-	86,660	69,269
Insurance	56,784	12,864	5,178	18,042	74,826	94,580
Repairs and maintenance	46,116	16,448	583	17,031	63,147	155,158
Grant expenses	63,075			-	63,075	259,800
Fundraising			56,496	56,496	56,496	44,962
Professional fees	16,227	36,243	3,837	40,080	56,307	54,062
Office expenses	18,775	17,261	15,827	33,088	51,863	88,224
License and permits	23,381	14,108	13,423	27,531	50,912	28,676
Auto expenses	34,849		120	120	34,969	21,391
Telephone	15,164	5,312	2,233	7,545	22,709	16,844
Property taxes	10,439	2,856	372	3,228	13,667	4,826
Supplies	8,096	4,915	469	5,384	13,480	21,284
Marketing and advertising	6,393	85	5,381	5,466	11,859	3,530
Postage and printing	2,313	1,630	4,480	6,110	8,423	7,972
Lease	5,607	975	894	1,869	7,476	4,085
Total functional expenses before depreciation	9,525,000	900,781	694,108	1,594,889	11,119,889	10,679,533
Depreciation	264,825	29,303	9,207	38,510	303,335	279,957
TOTAL 2025 FUNCTIONAL EXPENSES	\$ 9,789,825	\$ 930,084	\$ 703,315	\$ 1,633,399	\$ 11,423,224	
TOTAL 2024 FUNCTIONAL EXPENSES	\$ 9,364,047	\$ 1,051,552	\$ 543,891	\$ 1,595,443		\$ 10,959,490

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, 2025

With comparative totals for the year ended December 31, 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (628,010)	\$ 52,396
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	303,335	279,957
(Gain) on sale of property and equipment	(18,500)	(3,000)
Loss on disposal of property and equipment	4,746	-
(Gain) on investments	(199,179)	(178,949)
Interest and dividends reinvested	(126,031)	(175,423)
(Increase) decrease in operating assets:		
Accounts receivable	450	108,321
Inventories	50,687	133,319
Prepaid expenses	9,385	(47,698)
Increase (decrease) in operating liabilities:		
Accounts payable	(106,668)	17,410
Accrued expenses	28,268	(61,890)
	(681,517)	124,443
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(690,671)	(2,109,246)
Proceeds from sale of investments	1,757,757	2,306,877
Purchase of property and equipment	(243,358)	(383,954)
Proceeds from sales of property and equipment	18,500	3,000
	842,228	(183,323)
NET INCREASE (DECREASE) IN CASH	160,711	(58,880)
CASH, BEGINNING OF YEAR	272,416	331,296
CASH, END OF YEAR	\$ 433,127	\$ 272,416

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 2025, CNP distributed 3.4MM lbs. of food benefiting 307,368 people. Services include:

- *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 35 community and faith-based food pantries across the County in 2025, thus expanding impact into multiple poor communities in Los Angeles. Through these partners, MEND distributed almost 544,000 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.

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, 2025 are derived from donated goods.

Accounts Receivable and Pledges Receivable

Accounts receivable represent amounts due from government entities, other organizations, and individuals related to exchange and other noncontribution transactions and are generally expected to be collected within one year from December 31, 2025. These receivables are stated at amortized cost, net of an allowance for credit losses measured under ASC Topic 326, based on management's estimate of expected credit losses over the contractual life of the receivables, considering historical loss experience, the age and nature of receivables, type of counterparty, current economic conditions, and reasonable and supportable forecasts. The allowance is adjusted through credit loss expense in the statement of activities, and receivables are written off when deemed uncollectible.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Contributions and pledges receivable, which arise from nonexchange contribution transactions, are reported separately, are measured in accordance with ASC Topic 958, and are not subject to the current expected credit loss model under ASC Topic 326. Management evaluates contributions and pledges receivable for collectability on an ongoing basis and records allowances for uncollectible amounts when considered necessary.

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.

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.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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

MEND receives contributions of nonfinancial assets, including donated food, household goods, and other supplies, which are used in its program services.

Contributed nonfinancial assets are recognized at fair value at the date of donation. MEND does not sell donated nonfinancial assets; rather, such contributions are utilized in program activities that support its mission.

For the year ended December 31, 2025, contributed nonfinancial assets consisted of the following:

<u>Non-financial Assets</u>	<u>Amount</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
Federal food	\$ 840,320	None	Valued at invoiced amounts from Los Angeles Regional Food Bank
Non-federal food	5,036,750	None	Valued at \$1.90 per pound, based on relevant research from a leading nonprofit organization on national average prices for food
Hope and care items	98,695	None	Values established by donor and on-line review
Miscellaneous items	<u>3,924</u>	None	Values established by donor and on-line review
	<u>\$5,979,689</u>		

All contributed nonfinancial assets were used in MEND's programs during the year ended December 31, 2025.

MEND's policy is to utilize donated goods rather than monetize them, unless specific circumstances arise in which sale would better align with donor intent and programmatic needs. No contributed nonfinancial assets were monetized during the year.

Amounts recognized as donated materials revenue do not necessarily agree to in-kind donated materials expense because donated materials is recognized as revenue when received and as expense when distributed; additionally, year-end inventory includes both donated and purchased materials.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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.

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Revenue and Revenue Recognition

MEND recognizes revenue in accordance with ASC 958-605 and ASC 606, as applicable. Contributions are recognized when cash, securities, or other assets are received, when an unconditional promise to give is made, or when MEND is notified of a beneficial interest. Conditional contributions – 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 are substantially met.

A portion of MEND’s revenue is derived from cost-reimbursable federal and state grants and contracts, which are accounted for as conditional contributions because they contain both a barrier to entitlement and a right of return (or right of release). Amounts received under these arrangements are recognized as contribution revenue when MEND incurs qualifying expenditures or otherwise meets the specified programmatic or other performance conditions in the grant or contract.

Revenue from exchange transactions, such as program service fees and other fee-for-service arrangements, is recognized when services are provided to customers in an amount that reflects the consideration to which MEND expects to be entitled under ASC 606.

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, 2024, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through May 15, 2026, 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.

3. Liquidity and Availability of Resources

MEND regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also seeking to prudently invest available funds. MEND structures its financial assets to be available as general expenditures, liabilities, and other obligations come due within a 12-month period from the statement of financial position date.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

MEND primary sources of liquidity include cash and cash equivalents, accounts receivable, and investments in marketable securities. Certain financial assets are subject to donor-imposed restrictions or are board-designated for specific purposes, which may affect their availability for general expenditures within the next 12 months. The board of directors has the ability to approve the use of board-designated reserves for liquidity needs.

In assessing resources available to meet general expenditures over the next 12 months, MEND considers all expenditures related to its ongoing activities, as well as the expected timing and pattern of cash inflows from grants, contracts, fundraising, and investments. The board of directors meets regularly to review MEND's investment portfolio, including marketable securities, and to monitor the adequacy and accessibility of reserves to support both current operations and long-term financial stability.

As of December 31, 2025, the following financial assets, including amounts available from board-designated reserves and excluding net assets subject to donor restrictions that are unavailable for general use within one year, could readily be made available within one year of the statement of financial position date to meet operational cash flow needs:

Cash and cash equivalents	\$ 433,127
Accounts receivable	531,876
Investments	<u>3,507,268</u>
Financial assets at year-end	<u>4,472,271</u>
Less: Those unavailable for general expenditures within one year:	
Purpose and time restrictions	(323,422)
Perpetual in nature	<u>(236,925)</u>
Net restrictions at year-end	<u>(560,347)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,911,924</u>

4. Inventories

As of December 31, 2025, inventories consisted of the following:

Food	\$306,178
Hope and care items	28,431
Gift cards	<u>89,160</u>
	<u>\$423,769</u>

As of December 31, 2025, food inventory consisted of 208,503 pounds of food.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

5. Investments

Investments at December 31, 2025 are summarized as follows:

Exchange traded funds	\$1,583,593
Mutual funds	1,199,741
Money market funds	373,723
Cash and cash equivalents	<u>350,211</u>
	<u>\$3,507,268</u>

Investment balances as of December 31, 2025 are held for the following purposes:

Investment with board designations	\$1,918,129
Endowment investments	236,925
Investments without board designations	<u>1,352,214</u>
	<u>\$3,507,268</u>

6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2025 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 373,723	\$ -	\$ -	\$ 373,723
Exchange traded funds	1,583,593			1,583,593
Mutual funds	<u>1,199,741</u>			<u>1,199,741</u>
	<u>\$3,157,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,157,057</u>

The fair values of money market funds, 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 table below present transactions measured at fair value on a non-recurring basis during the year ended December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated materials	<u>\$ -</u>	<u>\$5,979,689</u>	<u>\$ -</u>	<u>\$5,979,689</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).

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

7. Property and Equipment

Property and equipment at December 31, 2025 consist of the following:

Building	\$ 8,423,881
Equipment	318,533
Vehicles	405,505
Building improvements	<u>485,543</u>
	9,633,462
Accumulated depreciation	<u>(4,240,525)</u>
	5,392,937
Land	<u>1,094,728</u>
	<u>\$ 6,487,665</u>

Depreciation expense for the year ended December 31, 2025 was \$303,335.

8. Accrued Liabilities

Accrued compensation and related liabilities at December 31, 2025 consist of accrued vacation and other benefit payables of \$210,757.

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.

10. Net Assets

Net assets with donor restrictions at December 31, 2025 consist of the following:

Endowment funds (see Note 11)	<u>\$236,925</u>
Capital campaign	\$260,029
General operations – purpose restrictions	<u>63,393</u>
	<u>323,422</u>
	<u>\$560,347</u>

For the year ended December 31, 2025, total net assets released from purpose restrictions were \$414,076.

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

10. Net Assets, continued

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's endowment consists of a donor-restricted fund established to support general operations. MEND received its initial endowment gift of \$176,156 during the year ended December 31, 2021. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary. As a result:

- The original value of gifts donated to the endowment of \$176,156 is classified as net assets with donor restrictions – perpetual in nature
- Any additional contributions to the endowment are also classified as perpetual in nature
- Accumulated investment earnings are classified as net assets with donor restrictions – purpose or time restricted until appropriated for expenditure

Changes in Endowment Net Assets

For the year ended December 31, 2025:

Endowment net assets, beginning of year	\$227,474
Investment returns:	
Interest and dividends	8,185
Net realized and unrealized gains	<u>17,333</u>
Total investment return	25,518
Appropriation for expenditure	(16,067)
Contributions	<u>-</u>
Endowment net assets, end of year	<u>\$236,925</u>

continued

MEND – MEET EACH NEED WITH DIGNITY

NOTES TO FINANCIAL STATEMENTS

11. Endowment, continued

Return Objectives and Risk Parameters

MEND has adopted investment policies for endowment assets designed to preserve capital while achieving moderate growth. The objective is to generate returns sufficient to support spending while maintaining the purchasing power of the endowment over time.

Strategies Employed for Achieving Objectives

MEND relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield (interest and dividends). Assets are invested in a diversified portfolio to balance risk and return.

Spending Policy

MEND has adopted a spending policy that allows for annual distributions of approximately 2% to 4% of the endowment's average fair value, subject to Board approval. During the year ended December 31, 2025, the Board approved appropriations totaling \$16,067. These appropriations exceeded the typical distribution range in order to support operational needs.

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, 2025.

ADDITIONAL INFORMATION

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of MEND - Meet Each Need with Dignity (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2025, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MEND - Meet Each Need with Dignity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MEND - Meet Each Need with Dignity's internal control. Accordingly, we do not express an opinion on the effectiveness of MEND - Meet Each Need with Dignity's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***
continued

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MEND - Meet Each Need with Dignity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Pasadena, California
May 15, 2026