

**Meeting Essential Needs With Dignity, Inc.
Financial Statements
Years Ended December 31, 2020 and 2019**

Meeting Essential Needs with Dignity, Inc.
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Independent Auditor's Report

To the Board of Trustees
Meeting Essential Needs With Dignity, Inc.
Orange, NJ

Report on the Financial Statements

I have audited the accompanying financial statements of Meeting Essential Needs with Dignity, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meeting Essential Needs With Dignity, Inc. as of December 31, 2020, 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.

Other

The 2019 financial statements were reviewed by me, and my report thereon, dated November 9, 2020 stated I was not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for expression of an opinion on the financial statements.

Hillsborough, NJ
September 21, 2021

James M. Wood, CPA

Meeting Essential Needs With Dignity, Inc.
 Statements of Financial Position
 December 31, 2020 (Audited) and 2019 (Unaudited)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash	\$ 925,691	\$ 212,686
Grants receivable	184,477	39,500
Prepaid expense	4,620	1,704
	<u>1,114,788</u>	<u>253,890</u>
Property & equipment, net of accumulated depreciation	42,640	200
Security deposit	6,165	-
	<u>\$ 1,163,593</u>	<u>\$ 254,090</u>
Liabilities and Net Assets		
Liabilities		
Accrued expenses	\$ 38,781	\$ 5,114
Net Assets		
Without donor restrictions	994,577	200,496
With donor restrictions	130,235	48,480
	<u>1,124,812</u>	<u>248,976</u>
	<u>\$ 1,163,593</u>	<u>\$ 254,090</u>

See independent auditor's report and the accompanying notes to financial statements.

Meeting Essential Needs With Dignity, Inc.
Statements of Activities
Years Ended December 31, 2020 (Audited) and 2019 (Unaudited)

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Public Support				
Contributions				
Corporate	\$ 47,096	\$ -	\$ 47,096	\$ -
Churches	19,856	-	19,856	8,684
Individuals	676,608	-	676,608	89,416
	<u>743,560</u>	<u>-</u>	<u>743,560</u>	<u>98,100</u>
Foundation grants	6,500	313,105	319,605	76,000
Donated food received	493,614	-	493,614	90,430
Donated services received	14,025	-	14,025	133,006
10 Days of 10Ks	13,427	-	13,427	-
Gala event, net of direct expenses	70,627	-	70,627	12,686
Total public support	<u>1,341,753</u>	<u>313,105</u>	<u>1,654,858</u>	<u>76,000</u>
Net assets released from restriction	<u>231,350</u>	<u>(231,350)</u>	<u>80,906</u>	<u>(80,906)</u>
	<u>1,573,103</u>	<u>81,755</u>	<u>1,654,858</u>	<u>(4,906)</u>
Functional expenses				
Program	- 713,649	-	713,649	251,577
Management & general	44,409	-	44,409	25,183
Fund raising	20,964	-	20,964	5,370
Total functional expenses	<u>779,022</u>	<u>-</u>	<u>779,022</u>	<u>282,130</u>
Increase (decrease) in net assets	794,081	81,755	875,836	(4,906)
Net assets				
Beginning of year	200,496	48,480	248,976	53,386
End of year	<u>\$ 994,577</u>	<u>\$ 130,235</u>	<u>\$ 1,124,812</u>	<u>\$ 48,480</u>
				<u>\$ 248,976</u>

See independent auditor's report and the accompanying notes to financial statements.

Meeting Essential Needs With Dignity, Inc.
Statements of Functional Expenses
Years Ended December 31, 2020 (Audited) and 2019 (Unaudited)

	2020			2019				
	Program	Management & General	Fund Raising	Total	Program	Management & General	Fund Raising	Total
Compensation	\$ 48,482	\$ 9,058	\$ 3,623	\$ 61,163	\$ 20,029	\$ 7,704	\$ 3,081	\$ 30,814
Salaries	4,218	788	315	5,321	2,299	884	354	3,537
Payroll tax	52,700	9,846	3,938	66,484	22,328	8,588	3,435	34,351
Pantry support								
Healthy food stipends	-	-	-	-	58,891	-	-	58,891
Transportation expenses	2,713	-	-	2,713	6,368	-	-	6,368
Gift cards	17,328	-	-	17,328	5,415	-	-	5,415
Purchased food	78,224	-	-	78,224	-	-	-	-
Donated food	493,614	-	-	493,614	133,006	-	-	133,006
Occupancy	23,639	-	-	23,639	-	-	-	-
Small equipment	14,668	-	-	14,668	2,301	-	-	2,301
Vehicle maintenance & operations	14,619	-	-	14,619	8,645	-	-	8,645
Meetings	-	225	-	225	-	562	-	562
Donated website development	7,013	-	7,012	14,025	-	-	-	-
Website	330	-	330	660	381	-	382	763
Accounting	-	23,365	-	23,365	-	11,000	-	11,000
Program coordination	-	-	-	-	9,140	-	-	9,140
Insurance	686	-	-	1,372	125	165	-	290
Marketing	3,583	-	-	3,583	1,490	-	-	1,490
Office & administration	-	8,438	1,347	9,785	-	4,868	1,553	6,421
Bank & credit card fees	-	115	4,974	5,089	-	-	-	-
Software	-	1,734	3,363	5,097	-	-	-	-
Conferences	-	-	-	-	3,287	-	-	3,287
Depreciation	4,532	-	-	4,532	200	-	-	200
	\$ 713,649	\$ 44,409	\$ 20,964	\$ 779,022	\$ 251,577	\$ 25,183	\$ 5,370	\$ 282,130

See independent auditor's report and the accompanying notes to financial statements.

Meeting Essential Needs With Dignity, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2020 (Audited) and 2019 (Unaudited)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 875,836	\$ 125,072
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	4,532	200
(Increase) decrease in:		
Grants receivable	(144,977)	(39,500)
Prepaid expense	(2,916)	(890)
Security deposit	(6,165)	-
Increase in:		
Accrued expenses	<u>33,667</u>	<u>5,114</u>
Cash provided by operating activities	759,977	89,996
Cash flows from investing activities		
Acquisition of vehicles & equipment	<u>(46,972)</u>	<u>-</u>
Cash used in investment activities	<u>(46,972)</u>	<u>-</u>
Net increase in cash	713,005	89,996
Cash		
Beginning of year	<u>212,686</u>	<u>122,690</u>
End of year	<u>\$ 925,691</u>	<u>\$ 212,686</u>

See independent auditor's report and the accompanying notes to financial statements.

Meeting Essential Needs With Dignity, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 (Audited) and 2019 (Unaudited)

(1) Summary of Significant Accounting Policies

Nature of organization

Meeting Essential Needs With Dignity, Inc. (MEND) is an interfaith network of 20 food pantries located throughout Essex County, NJ. The MEND network includes pantries located in Bloomfield, East Orange, Irvington, Maplewood, Montclair, Newark, Orange, South Orange and West Orange.

MEND works to alleviate hunger in Essex County by supporting this network of interfaith food pantries. MEND provides fresh and healthy food, funds, volunteers, and a collaborative forum for member pantries to share ideas and resources so they can make a greater impact on the communities they serve. MEND advocates for policies to alleviate food insecurity and to improve the lives of people in need.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation

MEND presents its statements of financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Contributions

Contributions are recognized as revenue when pledged. Contributions are recorded with or without donor restrictions depending on the existence and/or nature of any donor-imposed conditions.

Grants

Grants received from foundations are treated as contributions and are recorded with or without donor restrictions depending on the nature of any donor imposed conditions. Grants which are conditional in nature are recognized when the underlying conditions are substantially satisfied.

Cash

MEND includes demand deposits in financial institutions and PayPal funds in cash.

Vehicles and equipment

Vehicles and equipment with estimated useful lives in excess of one year are capitalized and depreciated over the estimated useful life of the asset.

Functional expenses

The financial statements report expenses on a functional basis. All expenses are classified to functions on a direct-charge method.

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Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit and funding risk

Financial instruments that potentially expose MEND to concentrations of credit and market risk consist primarily of cash consisting of demand deposits in financial institutions. Cash is maintained at high-quality financial institutions, and credit exposure is limited to any one institution. MEND has not experienced any losses on cash.

Donated services

Volunteers contribute significant amounts of time to MEND's program services, administration and fund raising. Those donated services are not included in MEND's financial statements. Donated professional services are recorded at their estimated fair value if MEND would have purchased the service had it not been donated.

Donated food

MEND receives donations of food which is then distributed as part of its program services. The food is recorded as income at its estimated value on the date of receipt and as expense in the same amount.

Income tax status

MEND qualifies as a public charity under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

MEND's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable and to disclose contingencies relating to uncertain tax positions when a liability is not probable or estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require disclosure or which could affect its liquidity or future cash flow. MEND's Form 990, *Return of Organization Exempt From Income Tax*, for the years ended December 31, 2017 through 2020 are subject to examination by the Internal Revenue Service. The Foundation's New Jersey Charities registrations are subject to examination for the years ended December 31, 2017 through 2020. The Internal Revenue Service may examine the foundation's financial activities for income and unrelated business income tax for 2017 through 2020.

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New accounting pronouncements

The Financial Accounting Standards Board (FASB) issued Update No. 2016-02, *Leases* (Topic 842), in February 2016. Under this guidance, lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact of this updated guidance on its financial statements.

(2) Vehicles & Equipment

As of December 31, 2020, and 2019, vehicles & equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Vehicles	\$27,504	\$1,000
Computers	3,233	-
Freezer	11,174	-
Office furniture & equipment	<u>6,061</u>	<u>-</u>
	47,972	1,000
Less accumulated depreciation	<u>5,332</u>	<u>800</u>
	<u>\$42,640</u>	<u>\$ 200</u>

(3) Net Assets With Donor Restrictions

As of December 31, 2020 and 2019, net assets with donor imposed restrictions, subject to expenditure for specified purpose, are as follows:

	<u>2020</u>	<u>2019</u>
Nutrition projects	\$ 28,060	\$48,480
Program expansion	87,847	-
Equipment	8,495	-
COVID response	<u>5,833</u>	<u>-</u>
	<u>\$130,235</u>	<u>\$48,480</u>

Net assets released from restriction are as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Nutrition projects	\$ 76,084	\$80,906
Program expansion	84,153	-
Equipment	46,505	-
COVID response	<u>24,608</u>	<u>-</u>
	<u>\$231,350</u>	<u>\$80,906</u>

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Notes to Financial Statements
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(4) Special Events

During the years ended December 31, 2020 and 2019, MEND held a gala event with the following results:

	<u>2020</u>	<u>2019</u>
Gross revenue	\$96,287	\$92,351
Less direct expense	<u>25,660</u>	<u>19,371</u>
Net	<u>\$70,627</u>	<u>\$72,980</u>

(5) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 925,691	\$212,686
Grants receivable	<u>184,477</u>	<u>39,500</u>
Financial assets	1,110,168	252,186
Less:		
Net assets with donor restrictions	<u>130,235</u>	<u>48,480</u>
Financial assets available for general expenditure	<u>\$ 979,933</u>	<u>\$203,706</u>

(6) Operating Lease Commitments

MEND is obligated under the terms of a lease for premises as follows for years ending December 31:

2021	\$35,000
2022	<u>17,500</u>
	<u>\$52,500</u>

(7) Risks and Uncertainties

The COVID-19 pandemic has created and may continue to create significant uncertainty in the United States and global economies which, in addition to other unforeseen effects of this pandemic, may adversely impact MEND's future operations.

(8) Subsequent Events

MEND has evaluated the need for adjustments resulting from subsequent events through September 21, 2021, the date the financial statements were available to be issued. Based upon this evaluation, no adjustments or additional disclosures were required to the financial statements as of December 31, 2020.