

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statement of Functional Expenses as of December 31, 2022	5
Statement of Functional Expenses as of December 31, 2021	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 15

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET
NEWARK, N.J. 07102-4517
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

PLEASE REPLY TO:
NEWARK
FREEHOLD

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Meeting Essential Needs With Dignity, Inc.
Orange, New Jersey 07051

Opinion

We have audited the accompanying financial statements of Meeting Essential Needs With Dignity, Inc. (MEND, a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statement of activities, statement of functional expenses and statement of 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 Meeting Essential Needs With Dignity, Inc. as of December 31, 2022, and the changes in its net assets, its functional expenses 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meeting Essential Needs With Dignity, Inc. 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.

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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

www.samuelklein-cpa-rma.com

Auditor's Responsibility

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 auditor's 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 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, including omissions, 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.

In performing an audit in accordance with generally accepted 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 Organization'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 Organization'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.

Emphasis-of-Matter Regarding a Change in Accounting Principles

As discussed in Note 1 to the financial statements, Meeting Essential Needs With Dignity, Inc. changed its method of accounting for Leases. This change was made in the year 2022 as required by the provisions of FASB Accounting Standards Update, ASC 842, *Leases*.

Other Matter

The financial statements of Meeting Essential Needs With Dignity, Inc. for the year ended December 31, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on November 8, 2022. We do not express an opinion or provide any assurance on them.

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
June 27, 2023

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

ASSETS	2022	(Memorandum Only) 2021
Current Assets		
Cash and cash equivalents	\$ 1,556,568	\$ 1,537,139
Accounts receivable, net	217,201	81,535
Food and non-food goods inventory	15,242	-
Prepaid expenses	10,079	8,844
Security deposits	6,165	6,165
Total Current Assets	<u>1,805,255</u>	<u>1,633,683</u>
Non-Current Assets		
Property and equipment, net	29,244	45,201
Operating lease right-of-use assets, net	200,500	-
Total Non-Current Assets	<u>229,744</u>	<u>45,201</u>
Total Assets	<u>\$ 2,034,999</u>	<u>\$ 1,678,884</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 49,759	\$ 146,389
Operating lease liability	77,500	-
Total Current Liabilities	<u>127,259</u>	<u>146,389</u>
Long-term Liabilities:		
Operating lease liability, less current portion	123,000	-
Total Long-Term Liabilities	<u>123,000</u>	<u>-</u>
Total Liabilities	<u>250,259</u>	<u>146,389</u>
Net Assets:		
Without donor restriction	1,776,743	1,466,489
With donor restriction	7,997	66,006
Total Net Assets	<u>1,784,740</u>	<u>1,532,495</u>
Total Liabilities and Net Assets	<u>\$ 2,034,999</u>	<u>\$ 1,678,884</u>

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

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			(Memorandum Only) 2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Public Support:						
Contributions:						
Corporate	\$ 114,008	-	\$ 114,008	\$ 54,720	-	\$ 54,720
Individual	538,803	-	538,803	587,837	-	587,837
Foundations	44,500	364,510	409,010	42,000	242,122	284,122
Churches	14,127	-	14,127	18,295	-	18,295
Total Contributions	711,438	364,510	1,075,948	702,852	242,122	944,974
In-Kind Support:						
Donated food	700,049	-	700,049	444,094	-	444,094
Donated goods	278,359	-	278,359	-	-	-
Gala	21,357	-	21,357	-	-	-
Donated services	6,984	-	6,984	-	-	-
Total In-Kind Support	1,006,749	-	1,006,749	444,094	-	444,094
Special Events:						
Gala	156,612	-	156,612	83,884	-	83,884
10 Days of 10Ks	73,190	-	73,190	52,743	-	52,743
RootFest	24,860	-	24,860	-	-	-
Total Special Events	254,662	-	254,662	136,627	-	136,627
Net assets released from restriction	422,519	(422,519)	-	306,351	(306,351)	-
Total Public Support	2,395,368	(58,009)	2,337,359	1,589,924	(64,229)	1,525,695
Expenses:						
Programs	1,817,541	-	1,817,541	1,000,779	-	1,000,779
Management and general	136,731	-	136,731	86,992	-	86,992
Fund raising	130,843	-	130,843	30,240	-	30,240
Total Expenses	2,085,115	-	2,085,115	1,118,011	-	1,118,011
Change in Net Assets	310,253	(58,009)	252,244	471,912	(64,229)	407,683
Net Assets - Beginning of Year	1,466,489	66,006	1,532,495	994,577	130,235	1,124,812
Net Assets - End of Year	\$ 1,776,743	\$ 7,997	\$ 1,784,740	\$ 1,466,489	\$ 66,006	\$ 1,532,495

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

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

	For the Year ended December 31, 2022			
	Total	Program Expenses	Management and General Expenses	Fund Raising
Expenses:				
Salaries and wages	\$ 336,343	\$ 232,814	\$ 61,331	\$ 42,198
Payroll taxes	32,204	22,292	5,872	4,040
Benefits	16,125	11,277	3,104	1,743
Food distribution	1,242,649	1,242,649	-	-
Program and Pantry Support expense	157,415	157,415	-	-
Fundraising events	69,613	-	-	69,613
Professional and consulting fees	15,455	-	15,455	-
Accounting	31,930	-	31,930	-
Office expenses	22,718	19,310	2,272	1,136
Occupancy	55,000	46,750	5,500	2,750
Insurance expense	3,094	1,090	2,005	-
Travel and meetings	5,669	1,109	4,487	74
Program equipment & maintenance	34,525	34,525	-	-
Communication and technology	4,199	345	740	3,114
Telephone	2,659	2,260	266	133
Utilities	5,352	4,549	535	268
Vehicle expense	21,571	21,571	-	-
Miscellaneous	10,004	3,784	445	5,775
Depreciation	18,590	15,802	2,789	-
Total	<u>2,085,115</u>	<u>\$ 1,817,541</u>	<u>\$ 136,731</u>	<u>\$ 130,843</u>

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

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

	(Memorandum Only)			
	For the Year ended December 31, 2021			
	Total	Program Expenses	Management and General Expenses	Fund Raising
Compensation:				
Salaries	\$ 175,363	\$ 141,483	\$ 26,600	\$ 7,280
Payroll tax	18,436	14,874	2,797	765
	<u>193,799</u>	<u>156,357</u>	<u>29,397</u>	<u>8,045</u>
Pantry support:				
Transportation	2,776	2,776	-	-
Purchased food	185,765	185,765	-	-
Donated food	444,094	444,094	-	-
Special requests	112,000	112,000	-	-
Equipment	13,662	13,662	-	-
Volunteer management	208	208	-	-
Occupancy	48,905	48,905	-	-
Small Equipment	9,653	9,248	405	-
Vehicle maintenance & operations	12,311	12,311	-	-
Website	660	330	-	330
Accounting	40,454	-	40,454	-
Consultancy	2,000	-	2,000	-
Insurance	1,752	876	876	-
Marketing	9,310	9,068	-	242
Office & administration	9,588	-	9,588	-
Bank & credit cards fees	7,266	-	45	7,221
Software	4,981	-	-	4,981
Professional development	4,227	-	4,227	-
Depreciation	5,179	5,179	-	-
Gala direct expenses	9,421	-	-	9,421
	<u>9,421</u>	<u>-</u>	<u>-</u>	<u>9,421</u>
Total	<u>\$ 1,118,011</u>	<u>\$ 1,000,779</u>	<u>\$ 86,992</u>	<u>\$ 30,240</u>

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

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	(Memorandum Only) 2021
Operating Activities:		
Change in net assets	\$ 252,244	\$ 407,683
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	18,590	5,179
 (Increase) decrease in:		
Accounts receivable	(135,666)	102,942
Food Inventory	(15,242)	-
Prepaid expenses	(1,236)	(4,224)
Operating lease right-of-use assets, net	(200,500)	-
 Increase (decrease) in:		
Accounts payable and accrued expenses	(96,629)	107,608
Operating lease liability	200,500	-
Net cash provided by operating activities	22,062	619,188
 Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,633)	(7,740)
Net cash used by investing activities	(2,633)	(7,740)
 Net Increase in Cash and Cash Equivalents	19,429	611,448
 Cash and Cash Equivalents, beginning of year	1,537,139	925,691
 Cash and Cash Equivalents, end of year	\$ 1,556,568	\$ 1,537,139

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

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Meeting Essential Needs With Dignity, Inc. ("MEND") is an interfaith network of over 40 food pantries and community partners located through 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 food pantries and partners. MEND provides fresh and healthy food, funds, volunteers, and a collaborative forum for members 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 financial statements of MEND have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial Statements Reporting for Nonprofits

MEND net position and revenue are classified based on donor-imposed restrictions. Net position of MEND and changes therein are classified and reported as:

Without Donor Restrictions - Those resources are not subject to donor-imposed restrictions and represent expendable funds that are available for the support of MEND's operations.

With Donor Restrictions - Those resources that are subject to donor-imposed restrictions will be 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 (See Note 4).

Recent Adopted Accounting Pronouncements

On January 1, 2022 MEND adopted Accounting Standards update ASC 842, *Leases*, which requires the recognition of the right-of-use assets and related operating and finance leases liability on the Statement of Financial Position for all leases with a term longer than 12 months. MEND adopted ASC 842 using a modified retrospective approach for all leases existing at January 1, 2022. The right-of-use assets represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease (See also Note 6).

Use of Management's 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and PayPal funds.

Accounts Receivable

Accounts receivable are presented in the Statement of Financial Position net of the allowance for doubtful accounts. Accounts receivables are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on the MEND's historical losses, the existing economic conditions in the Organization's industry, and the financial stability of its customers. MEND believes no allowance for doubtful accounts is necessary at December 31, 2022.

Long-Lived Assets

In accordance with accounting principles generally accepted in the United States of America, long-lived tangible assets subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceed their fair value as determined by an estimate of undiscounted future cash flow. Losses on assets held for disposal are recognized when management has approved and committed to a plan to dispose of the assets, and the assets are available for disposal. No impairments have occurred.

Revenue Recognition

Contributions and Special Events

MEND recognizes contributions when cash, securities or other assets, an unconditional promise to give or a notification of a beneficial interest is received. Conditional promise to give - that is, those with measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization recognizes conditional promise to give as deferred revenue when revenue is restricted from the donor before the barrier is overcome.

MEND's primary revenue streams are Individual, Corporate and Foundation Contributions revenue that are accounted for under Topic 985-605. In addition, MEND generates its revenue from Special Events such as a Gala, 10 Days of 10Ks and RootFest. Special Events Revenue is a mixture of contributions and exchange transactions (reciprocal transfers). The portion of Special Events Revenue that has a commensurate value and represents the transfer of promised goods or services to donors in an amount that reflects the consideration to which MEND expects to be entitled in exchange for goods and services is accounted for under Topic 606. During its 2022 fiscal year MEND hosted three Special Events and received \$254,662 in total gross Special Events Revenue that is presented in the revenue section on the Statement of Activities and Change in Net Assets. Costs of direct benefits to donors (reciprocal transfers) are included on the Statement of Functional Expenses. MEND recognized Special Events Revenue at point in time.

In-Kind Support

Donated food and goods revenue represents a significant portion of MEND's gross profit. MEND receives in-kind donations from a variety of sources in the furtherance of its objectives. The in-kind support consists primarily of food, goods and services donated by companies and individuals. In addition, a substantial number of unpaid volunteers have made contributions of their time to MEND. The value of volunteer services was not recognized in the financial statements since they did not meet the criteria of requiring specialized skills (See Note 7).

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Food and Non-Food Goods Inventories

The majority of inventories consist of donated food and donated non-food goods to MEND by companies and individuals, and purchased food. MEND records and values donated food inventory at a price per pound estimate obtained from Feeding America. Donated food received from Gourmet Foods International is valued at the estimated wholesale value. Inventory purchased is recorded at cost. During the year 2022 MEND received 334,820 pounds of donated food at a total value of \$642,854 and donated food from Gourmet Foods International at a total value of \$57,195. As of December 31, 2022 donated food ending inventory was \$10,987. In 2022 MEND purchased food at a cost of \$378,326. As of December 31, 2022 the ending purchased food inventory was \$2,629. During the year 2022 MEND received donated non-food goods at a total value of \$278,359. As of December 31, 2022 the ending donated non-food goods inventory was \$1,626. Costs of distributed donated food, purchased food and donated non-food goods are included on the Statement of Functional Expenses (See also Note 2).

Property and Equipment, Net

Property and equipment are stated at cost or fair market value at the date of donation in the case of gifts, and are depreciated for financial accounting purposes on the straight-line method over the estimated useful lives of the assets which are five and three years. Costs of repairs and maintenance are charged to operations in the periods incurred. The costs of major renewals and betterments are capitalized. Upon retirement or disposition of assets, the costs and accumulated depreciation are eliminated from the accounts and any gain or loss is reflected in the Statement of Activities. Property, plant and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present.

Income Taxes

MEND is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, MEND may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2022. MEND files its Forms 990 in the U.S. Federal Jurisdiction. MEND is generally no longer subject to examination by the Internal Revenue Service for years before 2021.

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

Directly identifiable expenses are allocated to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Reclassification

Certain reclassifications have been made to the prior year balances to conform to current year's presentation. These reclassifications have no effect on the change in net assets previously reported.

2. FOOD AND NON-FOOD GOODS INVENTORY

The following table indicates the donated and purchased food inventory, and donated non-food goods inventory activities ended December 31, 2022:

	<u>Pounds</u>	<u>Value \$</u>
<u>Inventories:</u>		
Donated food:		
Pounds	334,820	\$ 642,854
Gourmet Foods International	-	57,195
Purchased food	-	378,326
Donated non-food goods	-	<u>278,359</u>
Distribution of donated food-pounds	329,509	632,657
Distribution of Gourmet Foods International	-	56,405
Distribution of purchased food	-	375,697
Distributions of donated non-food goods	-	<u>276,733</u>
Food and non-food goods inventory, December 31, 2022	<u>5,311</u>	<u>\$ 15,242</u>

As of December 31, 2022 donated food inventory was valued at \$1.92 per pound, donated Gourmet Foods International inventory was valued at wholesale value, purchased inventory was valued at cost, and donated non-food goods inventory was valued at fair market value.

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2022 :

	(Memorandum Only)			
	Balance			Balance
	December 31, 2021	Additions	Disposals	December 31, 2022
Vehicles	\$ 27,504	\$ -	\$ -	\$ 27,504
Computers	4,324	2,633	-	6,957
Refrigeration equipment	17,823	-	-	17,823
Furniture & equipment	6,061	-	-	6,061
Cost Total	\$ 55,712	\$ 2,633	\$ -	\$ 58,345
Less: Accumulated depreciation	(10,511)	(18,590)	-	(29,101)
Net Property and equipment	\$ 45,201	\$ (15,957)	\$ -	\$ 29,244

Depreciation expense for the year ended December 31, 2022 was \$18,590.

4. NET ASSETS WITH DONOR RESTRICTION

Net Assets with donor restriction consist of the following at:

	December 31,	
	2022	(Memorandum Only) 2021
MEND on the Move	\$ 264,832	\$ 9,573
Pantry Support	165,684	362,784
Total	430,516	372,357
Less: Net assets release from restriction	(422,519)	(306,351)
Net Assets	\$ 7,997	\$ 66,006

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses include the following:

	December 31,	
		(Memorandum Only)
	2022	2021
Accounts payable	\$ 17,297	\$ 7,665
Accrued expenses	30,553	138,723
Payroll Liabilities	1,909	-
	<u>\$ 49,759</u>	<u>\$ 146,388</u>

6. LONG-TERM LIABILITIES

Operating Lease

On June 4, 2020 MEND entered into the Industrial Building Lease to rent buildings and associated facilities. The lease commenced on June 15, 2020 with the monthly rent payment of \$2,917 and ended on June 30, 2022.

On April 28, 2022 MEND entered into the First Amendment to the Industrial Building Lease to extend the term of the lease. The operating lease was extended for an additional period of thirty-six (36) months with a new expiration date on June 30, 2025.

The table below summarizes the total additions and total reductions in long-term liabilities during the year 2022:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Current Portion
Operating Lease	\$ 17,500	\$238,000	\$ (55,000)	\$ 200,500	\$ 77,500
Total	<u>\$ 17,500</u>	<u>\$238,000</u>	<u>\$ (55,000)</u>	<u>\$ 200,500</u>	<u>\$ 77,500</u>

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

6. LONG-TERM LIABILITIES (Continued)

Operating Lease (Continued)

The future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	<u>Total</u>
2023	77,500
2024	81,500
2025	<u>41,500</u>
Total minimum lease payments	<u><u>\$ 200,500</u></u>

Rent expense for the year ended December 31, 2022 was \$55,000 .

7. IN-KIND SUPPORT

During the year ended December 31, 2022 MEND received donated food, goods and services. These amounts are recognized in the Statement of Financial Position and in the Statement of Activities as follows:

	<u>December 31,</u>	<u>(Memorandum Only) 2021</u>
	<u>2022</u>	<u>2021</u>
In-kind Support Revenue:		
Donated food	\$ 700,049	\$ 444,094
Donated goods	278,359	-
Gala	21,357	-
Donated Services	<u>6,984</u>	<u>-</u>
	<u><u>\$ 1,006,749</u></u>	<u><u>\$ 444,094</u></u>
Expenses:		
Food distribution	\$ 689,062	\$ 444,094
Donated goods distribution	276,733	-
Gala	21,357	-
Donated Services	<u>6,984</u>	<u>-</u>
	<u><u>994,136</u></u>	<u><u>444,094</u></u>
Current Assets:		
Donated food and non-food goods inventory- included in food and non-food goods inventory	<u>12,613</u>	<u>-</u>
	<u><u>\$ 1,006,749</u></u>	<u><u>\$ 444,094</u></u>

MEETING ESSENTIAL NEEDS WITH DIGNITY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

8. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents. MEND's cash balances are maintained in various bank deposits accounts. As of December 31, 2022 the cash balances in two of the bank accounts exceeded the Federal Depository Insurance Coverage. MEND has not experienced losses in any of these accounts.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure within one year of December 31, 2022 are as follows:

	<u>December 31, 2022</u>
Cash and cash equivalents	\$ 1,556,568
Accounts receivable	217,201
Food and non-food goods inventory	15,242
Security deposit	6,165
Prepaid expenses	<u>10,079</u>
Total financial assets	1,805,255
Less: Net assets with donor restrictions	<u>(7,997)</u>
Financial assets at year end available to meet cash needs for general expenditures within one year	<u>\$ 1,797,258</u>

10. SUBSEQUENT EVENTS

MEND has evaluated subsequent events that occurred after the Statement of Financial Position of December 31, 2022 but before June 27, 2023, the date the financial statements were available to be issued. No items were determined to require disclosure.