

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ECUMENICAL HUNGER PROGRAM

TABLE OF CONTENTS

JUNE 30, 2017

	<u>Page</u>
Audited Financial Statements	
Independent Auditors' Report.....	1 - 2
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Revenue and Expense.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 10

INDEPENDENT AUDITORS' REPORT

Morton
& Associates
INCORPORATED
CERTIFIED PUBLIC ACCOUNTANTS
2479 E. Bayshore Rd., Suite 285
Palo Alto, CA 94303

To the Board of Directors of
Ecumenical Hunger Program
East Palo Alto, California

We have audited the accompanying statement of financial position of Ecumenical Hunger Program as of June 30, 2017, and the related statements of activities and changes in net assets, functional revenue and expense for the year then ended and cash flows for the year ended June 30, 2017, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 relevance 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ecumenical Hunger Program as of June 30, 2017 and the changes in its net assets, functional revenue and expense for the year then ended and its cash flows for the year ended June 30, 2017 in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Ecumenical Hunger Program's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morton & Associates, Inc.

Morton & Associates Inc.

Certified Public Accountants

April 10, 2018

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017

(With Summarized Financial Information for the Year Ended June 30, 2016)

		Total All Funds June 30	
	Unrestricted	Total 2017	Total 2016
ASSETS			
Current Assets			
Cash & Equivalents	\$ 422,907	\$ 422,907	\$ 543,995
Investments	388,492	388,492	506,384
Accounts Receivable	16,989	16,989	6,000
Prepaid Expenses	<u>10,447</u>	<u>10,447</u>	<u>10,447</u>
Total Current Assets	<u>838,835</u>	<u>838,835</u>	<u>1,066,826</u>
Fixed Assets			
Property & Equipment	2,796,903	2,796,903	2,698,552
Less: Accumulated Depreciation	<u>(826,557)</u>	<u>(826,557)</u>	<u>(751,188)</u>
Book Value of Fixed Assets	<u>1,970,346</u>	<u>1,970,346</u>	<u>1,947,364</u>
Total Assets	<u>\$ 2,809,181</u>	<u>\$ 2,809,181</u>	<u>\$ 3,014,190</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 3,959	\$ 3,959	\$ 3,583
Payroll & Related Liabilities	<u>35,552</u>	<u>35,552</u>	<u>35,241</u>
Total Liabilities	<u>39,511</u>	<u>39,511</u>	<u>38,824</u>
NET ASSETS			
Operating Fund	822,306	822,306	1,028,002
Property & Equipment Fund	<u>1,947,364</u>	<u>1,947,364</u>	<u>1,947,364</u>
Total Net Assets	<u>2,769,670</u>	<u>2,769,670</u>	<u>2,975,366</u>
Total Liabilities & Net Assets	<u>\$ 2,809,181</u>	<u>\$ 2,809,181</u>	<u>\$ 3,014,190</u>

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

ECUMENICAL HUNGER PROGRAM

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2017

(With Summarized Financial Information for the Year Ended June 30, 2016)

		Total All Funds June 30	
	Unrestricted	Total 2017	Total 2016
SUPPORT			
Contributions	\$ 902,642	\$ 902,642	\$ 838,350
Contributions In-Kind	4,201,537	4,201,537	2,914,355
Foundation Grants	<u>291,126</u>	<u>291,126</u>	<u>382,856</u>
Total Support	<u>5,395,305</u>	<u>5,395,305</u>	<u>4,135,561</u>
REVENUE			
Special Events	44,813	44,813	124,953
Interest & Dividends	1,366	1,366	1,694
Other Income	19,121	19,121	11,033
Gain or Loss			185
Unrealized Gain or Loss			<u>311</u>
Total Revenue	<u>65,300</u>	<u>65,300</u>	<u>138,176</u>
Total Increases in Net Assets	<u>\$ 5,460,605</u>	<u>\$ 5,460,605</u>	<u>\$ 4,273,737</u>
EXPENSES			
Program Services			
Program Services	<u>\$ 5,169,858</u>	<u>\$ 5,169,858</u>	<u>\$ 3,732,548</u>
Total Program Services	<u>5,169,858</u>	<u>5,169,858</u>	<u>3,732,548</u>
Support Services			
Management & General	344,381	344,381	310,964
Fundraising	<u>152,062</u>	<u>152,062</u>	<u>191,006</u>
Total Support Services	<u>496,443</u>	<u>496,443</u>	<u>501,970</u>
Total Expenses	<u>5,666,301</u>	<u>5,666,301</u>	<u>4,234,518</u>
Net Increase (Decrease) In Assets	(205,696)	(205,696)	39,219
Net Assets Beginning	<u>2,975,366</u>	<u>2,975,366</u>	<u>2,936,147</u>
Net Assets Ending	<u>\$ 2,769,670</u>	<u>\$ 2,769,670</u>	<u>\$ 2,975,366</u>

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)

	Program Services	Management & General	Fundraising	Support Services	Total 2017	Total 2016
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 55,000	\$ 156,176	\$ 691,466	\$ 847,642	\$ 902,642	\$ 838,350
Contributions In-Kind	4,184,479	17,058		17,058	4,201,537	2,914,355
Foundation Grants	291,126				291,126	382,856
Total Support	4,530,605	173,234	691,466	864,700	5,395,305	4,135,561
REVENUE						
Special Events			44,813	44,813	44,813	124,953
Interest & Dividends		1,366		1,366	1,366	1,694
Other Income		19,121		19,121	19,121	11,033
Gain or Loss						185
Unrealized Gain or Loss						311
Total Revenue		20,487	44,813	65,300	65,300	138,176
Total Support & Revenue	4,530,605	193,721	736,279	930,000	5,460,605	4,273,737
EXPENSES						
Salaries	411,930	174,034	66,733	240,767	652,697	670,718
Benefits	111,435	47,080	18,053	65,133	176,568	125,165
Payroll Taxes	36,029	15,221	5,837	21,058	57,087	62,505
Total Salaries & Benefits	559,394	236,335	90,623	326,958	886,352	858,388
Professional Fees	115,271	48,700	18,674	67,374	182,645	174,380
Contributed Services	17,067				17,067	13,132
Supplies	12,545	5,300	2,032	7,332	19,877	20,126
Contributed Supplies	4,184,470				4,184,470	2,806,253
Telephone	7,443	3,144	1,206	4,350	11,793	13,664
Postage & Shipping	3,921	1,657	635	2,292	6,213	3,765
Occupancy	44,208	5,894	8,842	14,736	58,944	62,091
Repairs & Maintenance	20,286	8,570	3,286	11,856	32,142	5,849
Printing & Publications	13,299	5,619	2,154	7,773	21,072	12,267
Dues & Publications	3,785	1,599	613	2,212	5,997	4,105
Advertising	9,346	3,948	1,514	5,462	14,808	9,559
Fundraising Costs			5,088	5,088	5,088	27,934
Travel & Transportation	10,172	4,297	1,648	5,945	16,117	23,434
Conferences & Meetings	715	302	116	418	1,133	2,700
Insurance	17,033	2,271	3,407	5,678	22,711	23,569
Miscellaneous		8,595		8,595	8,595	10,635
Depreciation	61,123	8,150	12,224	20,374	81,497	75,575
Program Expense	89,780				89,780	87,092
Total Expense	5,169,858	344,381	152,062	496,443	5,666,301	4,234,518
Increase(Decrease) in Net Assets	\$ (639,253)	\$ (150,660)	\$ 584,217	\$ 433,557	\$ (205,696)	\$ 39,219

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

ECUMENICAL HUNGER PROGRAM
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ (205,696)	\$ 39,219
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	81,497	75,575
Contributed Equipment		(94,970)
(Increase) Decrease in Assets:		
Accounts & Grants Receivable	(10,989)	(6,000)
Prepaid Expenses		(2,324)
(Increase) Decrease in Liabilities:		
Accounts Payable	376	(5,752)
Payroll & Related Liabilities	<u>311</u>	<u>17,930</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	(134,501)	23,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	111,764	85,457
Property & Equipment	<u>(98,351)</u>	<u>(58,943)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	13,413	26,514
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(121,088)</u>	<u>50,192</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>543,995</u>	<u>493,803</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 422,907</u>	<u>\$ 543,995</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 4,201,537</u>	<u>\$ 2,914,355</u>

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: ORGANIZATION

The Ecumenical Hunger Program (the Organization) is a non-profit public benefit corporation which was founded February 16, 1978 to channel food and resources to families experiencing hunger or poverty in the communities of East Palo Alto, Palo Alto and Menlo Park, California. The Organization works with families to eliminate their hunger and to break the cycle of poverty. The Organization provides food, clothing, household essentials, social advocacy and referral services. By providing its programs with compassion and respect, the Organization promotes the personal dignity of those it serves while encouraging self-reliance.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with FASB ASC subtopic 958-205-05-6, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of EHP. Under this category, the Organization maintains an Operating and Property and Equipment Fund. Any net assets designated by the Board for specific purposes would also be categorized as unrestricted net assets. The Organization has elected to report as an increase in unrestricted net assets any restricted revenue received in the current period for which the restrictions have been met in the current period.
- Temporarily Restricted Net Assets include those assets which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting period. There were no Temporarily Restricted Net Assets as of year end.
- Permanently restricted net assets includes assets which are subject to a non-expiring donor restriction such as a donor restricted endowment fund. The Organization does not currently have an Endowment Fund.

Revenue Recognition is in accord with the accrual basis of accounting. Grant revenue and program fees are recognized as revenue in the period in which the service is provided.

Cash and Cash Equivalents include highly liquid investments and those investments with a maturity of three months or less.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments consist of Certificates of Deposit held by Comerica. The CD's are valued at fair market value with the net change recorded as unrealized gain or loss. Investments received through donations are recorded at their fair market value and in accordance with Board policy are generally sold upon receipt.

Contributions are recorded when cash is received and are considered to be available for unrestricted use unless specifically restricted by the donor.

Furniture and Equipment with a useful life of three or more years and a cost or value in excess of \$1,000 is recorded at cost or, if contributed, at the estimated fair market value when donated. Depreciation is computed using the straight-line method over the assets' estimated useful lives ranging from three to thirty-nine years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Functional Expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized.

Income Taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701D of the Revenue and Taxation Code of California. EHP has not been classified as a private foundation.

NOTE 3: CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at financial institutions below the standard FDIC coverage limit of \$250,000. At June 30, 2017, the Organization had no uninsured cash balances.

NOTE 4: SIMPLE IRA PLAN

During the fiscal year ended 2010, EHP started a Simple IRA Plan. For employees to qualify they need to earn a minimum of \$5,000 and work for one full year. Employees can contribute to the plan by making Elective Deferrals from January through December. EHP has chosen nonelective contributions of 2% of compensation to be contributed on behalf of the employee. Total amount contributed for the year ended June 30, 2017 was \$3,823 and for the year ended June 30, 2016 was \$9,357.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5: CONTRIBUTIONS IN-KIND

Contributions In-Kind are recorded at their estimated fair market values as of the date of donation. During the current period, the Organization received volunteer professional services valued at \$17,067. Services were valued based on the number of hours provided multiplied by the hourly rate which would have had to have been paid had these services not been contributed. The Organization pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Organization with its specific assistance programs and various committee assignments. The Organization received 12,500 volunteer hours for the year ended June 30, 2017 which valued at \$10 per hour would amount to \$125,000. The Organization also received \$4,184,470 of contributed supplies, which were valued at an estimated value for a typical food, toy or clothing donation.

NOTE 6: FIXED ASSETS

Fixed assets are recorded at cost or, if donated, at estimated fair market value. As of June 30, fixed assets consisted of:

	June 30, 2017	June 30, 2016
Buildings	\$ 1,310,477	\$ 1,298,477
Land	768,082	768,082
Warehouse	233,009	146,658
Landscaping	236,250	236,250
Furniture & Equipment	165,483	165,483
Vehicles	83,602	83,602
Fixed Assets, Cost	2,796,903	2,698,552
Less Accumulated Dep.	(826,557)	(751,188)
Fixed Assets, Net	\$ 1,970,346	\$ 1,947,364

NOTE 7: RELATED PARTY TRANSACTIONS

In compliance with its policy on transactions between a related party such as a Board Member or alternatively a family member of staff or of a Board Member and between the Organization, the Board reviews such transactions to determine that it is paying no more than it believes it would under an arm's length transaction. During the current period, the Board reviewed and approved payments to the sister-in-law of the Executive Director for fund raising services and to the daughter of the bookkeeper for adult resources.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 8: INVESTMENTS

	June 30, 2017		June 30, 2016	
	Cost	FMV	Cost	FMV
Money Market	\$ 388,492	\$ 388,492	\$ 106,261	\$ 106,261
Fixed Income			399,812	400,123
Total Investments	<u>\$ 388,492</u>	<u>\$ 388,492</u>	<u>\$ 506,073</u>	<u>\$ 506,384</u>

All investments held by the Organization are Level 1 investments. Level 1 investments are quoted market prices in active markets for identical assets or liabilities.

NOTE 9: DATE OF MANAGERMENTS REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through April 10, 2018, the date that the financial statements were available to be issued.