

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ECUMENICAL HUNGER PROGRAM

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INDEPENDENT AUDITORS' REPORT

Morton
& Associates
INCORPORATED
CERTIFIED PUBLIC ACCOUNTANTS
250 Cambridge Avenue, Suite 101
Palo Alto, CA 94306

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 (a non-profit organization) as of June 30, 2008, 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, 2008. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008 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, 2008 in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

Morton & Associates, Inc.
Morton & Associates Inc.
Certified Public Accountants

November 20, 2008

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2008

(With Summarized Financial Information for the Year Ended June 30, 2007)

		Total All Funds June 30	
	Unrestricted	Total 2008	Total 2007
ASSETS			
Current Assets			
Cash & Equivalents	\$ 270,112	\$ 270,112	\$ 216,622
Investments	15,484	15,484	164,492
Prepaid Expenses	<u>1,380</u>	<u>1,380</u>	<u>1,380</u>
Total Current Assets	<u>286,976</u>	<u>286,976</u>	<u>382,494</u>
Fixed Assets			
Property & Equipment	2,440,551	2,440,551	2,505,352
Less: Accumulated Depreciation	<u>(309,087)</u>	<u>(309,087)</u>	<u>(318,805)</u>
Book Value of Fixed Assets	<u>2,131,464</u>	<u>2,131,464</u>	<u>2,186,547</u>
Total Assets	<u>\$ 2,418,440</u>	<u>\$ 2,418,440</u>	<u>\$ 2,569,041</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 12,441	\$ 12,441	\$
Payroll & Related Liabilities	9,690	9,690	25,446
Mortgage Payable	12,424	12,424	11,529
Line of Credit	<u>270,390</u>	<u>270,390</u>	<u>280,386</u>
Total Current Liabilities	<u>304,945</u>	<u>304,945</u>	<u>317,361</u>
Long Term Liabilities			
Mortgage Payable	<u>536,978</u>	<u>536,978</u>	<u>549,406</u>
Total Long Term Liabilities	<u>536,978</u>	<u>536,978</u>	<u>549,406</u>
Total Liabilities	<u>841,923</u>	<u>841,923</u>	<u>866,767</u>
NET ASSETS			
Operating Fund	(5,545)	(5,545)	76,662
Property & Equipment Fund	<u>1,582,062</u>	<u>1,582,062</u>	<u>1,625,612</u>
Total Net Assets	<u>1,576,517</u>	<u>1,576,517</u>	<u>1,702,274</u>
Total Liabilities & Net Assets	<u>\$ 2,418,440</u>	<u>\$ 2,418,440</u>	<u>\$ 2,569,041</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, 2008

(With Summarized Financial Information for the Year Ended July 01, 2007)

		Total All Funds June 30	
	Unrestricted	Total 2008	Total 2007
SUPPORT			
Contributions	\$ 625,029	\$ 625,029	\$ 627,164
Contributions In-Kind	1,231,622	1,231,622	1,323,914
Foundation Grants	<u>133,940</u>	<u>133,940</u>	<u>38,623</u>
Total Support	<u>1,990,591</u>	<u>1,990,591</u>	<u>1,989,701</u>
REVENUE			
Interest & Dividends	6,448	6,448	11,565
Rental Income	6,625	6,625	3,500
Other Income	7,875	7,875	3,874
Gain or Loss	<u>941</u>	<u>941</u>	<u>(400)</u>
Total Revenue	<u>21,889</u>	<u>21,889</u>	<u>18,539</u>
Total Increases in Net Assets	<u>\$ 2,012,480</u>	<u>\$ 2,012,480</u>	<u>\$ 2,008,240</u>
EXPENSES			
Program Services			
Program Services	<u>\$ 1,717,112</u>	<u>\$ 1,717,112</u>	<u>\$ 1,865,945</u>
Total Program Services	<u>1,717,112</u>	<u>1,717,112</u>	<u>1,865,945</u>
Support Services			
Management & General	225,742	225,742	111,167
Fundraising	<u>195,383</u>	<u>195,383</u>	<u>176,892</u>
Total Support Services	<u>421,125</u>	<u>421,125</u>	<u>288,059</u>
Total Expenses	<u>2,138,237</u>	<u>2,138,237</u>	<u>2,154,004</u>
Net Increase (Decrease) In Assets	(125,757)	(125,757)	(145,764)
Net Assets Beginning	<u>1,702,274</u>	<u>1,702,274</u>	<u>1,848,038</u>
Net Assets Ending	<u>\$ 1,576,517</u>	<u>\$ 1,576,517</u>	<u>\$ 1,702,274</u>

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ECUMENICAL HUNGER PROGRAM
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2008
(With Summarized Financial Information for the Year Ended June 30, 2007)

	Program Services	Management & General	Fundraising	Support Services	Total 2008	Total 2007
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$	\$ 74,683	\$ 550,347	\$ 625,030	\$ 625,030	\$ 627,164
Contributions In-Kind	1,231,622				1,231,622	1,323,914
Foundation Grants	133,940				133,940	38,623
Total Support	1,365,562	74,683	550,347	625,030	1,990,592	1,989,701
REVENUE						
Interest & Dividends		6,448		6,448	6,448	11,565
Rental Income		6,625		6,625	6,625	3,500
Other Income		7,875		7,875	7,875	3,874
Gain or Loss		(205)	1,146	941	941	(400)
Total Revenue		20,743	1,146	21,889	21,889	18,539
Total Support & Revenue	1,365,562	95,426	551,493	646,919	2,012,481	2,008,240
EXPENSES						
Salaries	186,785	121,794	101,592	223,386	410,171	331,687
Benefits	27,652	18,031	15,040	33,071	60,723	85,449
Payroll Taxes	11,792	7,689	6,414	14,103	25,895	28,371
Total Salaries & Benefits	226,229	147,514	123,046	270,560	496,789	445,507
Professional Fees	52,231	34,058	28,409	62,467	114,698	45,163
Contributed Services	12,525				12,525	20,927
Supplies	2,170	1,415	1,180	2,595	4,765	8,897
Contributed Supplies	1,219,097				1,219,097	1,302,986
Telephone	5,155	3,361	2,804	6,165	11,320	10,939
Postage & Shipping	164	107	89	196	360	7,719
Occupancy	28,010	3,735	5,602	9,337	37,347	40,002
Repairs & Maintenance	2,883	1,880	1,568	3,448	6,331	14,098
Building & Grounds	1,630	1,063	887	1,950	3,580	11,323
Printing & Publications	12,844	8,375	6,986	15,361	28,205	34,292
Dues & Publications	590	385	321	706	1,296	1,716
Advertising	2,290	1,493	1,246	2,739	5,029	4,478
Travel & Transportation	6,462	4,214	3,515	7,729	14,191	13,527
Conferences & Meetings		513		513	513	65
Insurance	14,129	1,884	2,826	4,710	18,839	
Miscellaneous		4,476		4,476	4,476	3,399
Interest Expense	43,208	5,761	8,642	14,403	57,611	58,559
Depreciation	41,312	5,508	8,262	13,770	55,082	59,351
Program Expense	46,173				46,173	70,675
Meals & Entertainment	10				10	381
Total Expense	1,717,112	225,742	195,383	421,125	2,138,237	2,154,004
Increase(Decrease) in Net Assets	<u>\$ (351,550)</u>	<u>\$ (130,316)</u>	<u>\$ 356,110</u>	<u>\$ 225,794</u>	<u>\$ (125,756)</u>	<u>\$ (145,764)</u>

The Accompanying Independent Auditors' Report and the Attached Notes
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ECUMENICAL HUNGER PROGRAM
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ (125,756)	\$ (145,764)
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	55,082	59,350
(Increase) Decrease in Assets:		
(Increase) Decrease in Liabilities:		
Accounts Payable	12,441	
Payroll & Related Liabilities	(15,756)	14,427
Line of Credit	<u>(9,996)</u>	<u>(7,721)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	(83,985)	(79,708)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	<u>149,008</u>	<u>16,040</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	149,008	16,040
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage Payable	<u>(11,533)</u>	<u>(10,697)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	<u>(11,533)</u>	<u>(10,697)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>53,490</u>	<u>(74,365)</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>216,622</u>	<u>290,987</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 270,112</u>	<u>\$ 216,622</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 1,231,622</u>	<u>\$ 1,323,914</u>
Interest Paid	<u>\$ 57,610</u>	<u>\$ 58,559</u>

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ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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 Statement of Financial Accounting Standards (SFAS) No. 117, 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, 2008

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 similar state provisions. EHP has not been classified as a private foundation.

NOTE 3: CONCENTRATION OF CREDIT RISK ARISING FROM CASH HELD IN EXCESS OF INSURED LIMITS

The Organization maintains cash balances at financial institutions in excess of the FDIC coverage limit of \$250,000. At June 30, 2008, the Organization's uninsured cash balance totaled approximately \$24,525.

NOTE 4: NOTE PAYABLE

EHP has a Note Payable with Comerica Bank due January 2010 for \$270,390 which bears interest at 6% and requires monthly payments of \$2,161. Annual payments are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 25,932
2009	25,932
Thereafter	218,526
Total	<u>\$ 270,390</u>

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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 \$12,525. 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 9,241 volunteer hours for the year ended June 30, 2008 which valued at \$10 per hour would amount to \$92,410. The Organization also received \$1,219,097 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, 2008	June 30, 2007
Buildings	\$ 1,363,549	\$ 1,363,549
Land	600,000	600,000
Warehouse	142,298	142,298
Landscaping	236,250	236,250
Furniture & Equipment	57,124	57,124
Vehicles	41,330	106,131
Fixed Assets, Cost	2,440,551	2,505,352
Less Accumulated Dep.	(309,087)	(318,805)
Fixed Assets, Net	<u>\$ 2,131,464</u>	<u>\$ 2,186,547</u>

NOTE 7: MORTGAGE PAYABLE

A mortgage dated May 13, 2003 and maturing May 13, 2010 is payable to Cordes Lake Family Trust in 84 monthly installments of \$4,433.95 with interest at 7.5%.

Required Annual payments are as follows:

Year	Amount
2009	\$ 53,207
2010	53,207
Thereafter	442,987
Total	<u>\$ 549,401</u>