

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ECUMENICAL HUNGER PROGRAM

TABLE OF CONTENTS

JUNE 30, 2022

	<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

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

Opinion

We have audited the accompanying financial statements of Ecumenical Hunger Program - a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional revenue and expense 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 Ecumenical Hunger Program as of June 30, 2022, 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. 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 Ecumenical Hunger Program 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 Ecumenical Hunger Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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 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 Ecumenical Hunger Program'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 Ecumenical Hunger Program'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.

Report on Summarized Comparative Information

We have previously audited Ecumenical Hunger Program's statement of activities and changes in net assets financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morton & Associates Inc.
Certified Public Accountants

January 15, 2023

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

			Total All Funds June 30	
	Unrestricted	With Restrictions	Total 2022	Total 2021
ASSETS				
Current Assets				
Cash & Equivalents	\$ 7,348,433	\$ 137,242	\$ 7,485,675	\$ 6,012,481
Investments	563,126		563,126	477,608
Prepaid Expenses	17,855		17,855	1,380
Total Current Assets	7,929,414	137,242	8,066,656	6,491,469
Fixed Assets				
Property & Equipment	3,393,522		3,393,522	3,162,066
Less: Accumulated Depreciation	(1,280,724)		(1,280,724)	(1,172,668)
Book Value of Fixed Assets	2,112,798		2,112,798	1,989,398
Total Assets	\$ 10,042,212	\$ 137,242	\$ 10,179,454	\$ 8,480,867
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 57,032	\$	\$ 57,032	\$ 65,332
Payroll & Related Liabilities	75,302		75,302	50,209
PPP Loan				182,600
Total Liabilities	132,334		132,334	298,141
NET ASSETS				
Operating Fund	7,797,080	137,242	7,934,322	6,193,328
Property & Equipment Fund	2,112,798		2,112,798	1,989,398
Total Net Assets	9,909,878	137,242	10,047,120	8,182,726
Total Liabilities & Net Assets	\$ 10,042,212	\$ 137,242	\$ 10,179,454	\$ 8,480,867

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, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

			Total All Funds June 30	
	Unrestricted	With Restrictions	Total 2022	Total 2021
SUPPORT				
Contributions	\$ 2,950,405	\$ 137,242	\$ 3,087,647	\$ 3,718,814
Contributions In-Kind	3,249,381		3,249,381	3,728,468
Foundation Grants	571,753		571,753	613,800
Government Grant	<u>182,600</u>		<u>182,600</u>	
Total Support	<u>6,954,139</u>	<u>137,242</u>	<u>7,091,381</u>	<u>8,061,082</u>
REVENUE				
Special Events				46,131
Interest & Dividends	3,351		3,351	3,471
Other Income	27,971		27,971	1,507
Gain or Loss	(982)		(982)	(16)
Unrealized Gain or Loss	<u>(14)</u>		<u>(14)</u>	<u>(42)</u>
Total Revenue	<u>30,326</u>		<u>30,326</u>	<u>51,051</u>
Total Increases in Net Assets	<u>\$ 6,984,465</u>	<u>\$ 137,242</u>	<u>\$ 7,121,707</u>	<u>\$ 8,112,133</u>
EXPENSES				
Program Services				
Program Services	<u>\$ 4,671,019</u>	<u>\$</u>	<u>\$ 4,671,019</u>	<u>\$ 4,761,690</u>
Total Program Services	<u>4,671,019</u>		<u>4,671,019</u>	<u>4,761,690</u>
Support Services				
Management & General	355,611		355,611	269,078
Fundraising	<u>230,683</u>		<u>230,683</u>	<u>168,472</u>
Total Support Services	<u>586,294</u>		<u>586,294</u>	<u>437,550</u>
Total Expenses	<u>5,257,313</u>		<u>5,257,313</u>	<u>5,199,240</u>
Net Increase (Decrease) In Assets	1,727,152	137,242	1,864,394	2,912,893
Assets Released From Restriction	562,178	(562,178)		
Net Assets Beginning	<u>7,620,548</u>	<u>562,178</u>	<u>8,182,726</u>	<u>5,269,833</u>
Net Assets Ending	<u>\$ 9,909,878</u>	<u>\$ 137,242</u>	<u>\$ 10,047,120</u>	<u>\$ 8,182,726</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, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	Program Services	Management & General	Fundraising	Support Services	Total 2022	Total 2021
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 2,264,975	\$ 505,305	\$ 317,367	\$ 822,672	\$ 3,087,647	\$ 3,718,814
Contributions In-Kind	3,249,381				3,249,381	3,728,468
Foundation Grants	571,753				571,753	613,800
Government Grant		182,600		182,600	182,600	
Total Support	6,086,109	687,905	317,367	1,005,272	7,091,381	8,061,082
REVENUE						
Special Events						46,131
Interest & Dividends		3,351		3,351	3,351	3,471
Other Income		27,971		27,971	27,971	1,507
Gain or Loss		(982)		(982)	(982)	(16)
Unrealized Gain or Loss		(14)		(14)	(14)	(42)
Total Revenue		30,326		30,326	30,326	51,051
Total Support & Revenue	6,086,109	718,231	317,367	1,035,598	7,121,707	8,112,133
EXPENSES						
Salaries	665,518	201,610	126,625	328,235	993,753	793,216
Benefits	97,299	29,475	18,513	47,988	145,287	123,217
Payroll Taxes	57,333	17,368	10,908	28,276	85,609	50,539
Total Salaries & Benefits	820,150	248,453	156,046	404,499	1,224,649	966,972
Professional Fees	102,185	30,956	19,442	50,398	152,583	138,967
Supplies	22,020	6,670	4,190	10,860	32,880	34,263
Contributed Supplies	3,228,939				3,228,939	3,646,949
Telephone	14,493	4,390	2,758	7,148	21,641	8,377
Postage & Shipping	1,306	396	249	645	1,951	4,142
Occupancy	41,444	5,526	8,289	13,815	55,259	32,541
Contributed Space	20,442				20,442	
Repairs & Maintenance	53,080	16,080	10,099	26,179	79,259	41,204
Printing & Publications	6,308	1,911	1,200	3,111	9,419	27,072
Dues & Publications	4,246	1,286	808	2,094	6,340	1,170
Advertising	724	219	138	357	1,081	1,866
Fundraising Costs			2,324	2,324	2,324	5,358
Travel & Transportation	16,767	5,079	3,190	8,269	25,036	22,119
Insurance	28,711	3,828	5,742	9,570	38,281	39,620
Miscellaneous		20,011		20,011	20,011	20,220
Depreciation	81,042	10,806	16,208	27,014	108,056	92,851
Program Expense	229,162				229,162	115,549
Total Expense	4,671,019	355,611	230,683	586,294	5,257,313	5,199,240
Increase(Decrease) in Net Assets	\$ 1,415,090	\$ 362,620	\$ 86,684	\$ 449,304	\$ 1,864,394	\$ 2,912,893

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, 2022

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 1,864,394	\$ 2,912,893
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	108,056	92,850
Contributed Equipment	(20,442)	(81,519)
 (Increase) Decrease in Assets:		
Prepaid Expenses	(16,475)	
 (Increase) Decrease in Liabilities:		
Accounts Payable	(8,301)	17,051
Payroll & Related Liabilities	25,093	10,872
PPP Loan	<u>(182,600)</u>	<u> </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	1,769,725	2,952,147
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(85,518)	(44,941)
Property & Equipment	<u>(211,013)</u>	<u>(45,536)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(296,531)	(90,477)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,473,194</u>	<u>2,861,670</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>6,012,481</u>	<u>3,150,811</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 7,485,675</u>	<u>\$ 6,012,481</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 3,249,381</u>	<u>\$ 3,728,467</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, 2022

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 two classes of net assets: unrestricted net assets, and donor imposed restricted net assets.

- Without Restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Agency maintains an Operating and a Property and Equipment Fund. Any net assets designated by the Board for specific purposes, such as the Board Designated Endowment Fund, are also 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 restriction has been met in the current period.
- With Restrictions 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. They also include assets which are subject to a non-expiring donor restriction such as donor contributions to 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, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments consist of Money Market Funds held by Comerica. The Money Market Funds are valued at fair market value. 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: LIQUIDITY

Ecumenical Hunger Program has \$8,048,801 of financial assets available to meet cash needs for general expenditures within one year of June 30, 2022. That amount consists of checking account cash \$167,864, savings account of \$226,222 and money market accounts totalling \$7,091,589 plus Comerica Securities (money funds) of \$563,126. Cash in the amount of \$137,242 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the June 30, 2022.

Ecumenical Hunger Program has a goal to maintain cash on hand to meet normal monthly operating expenses, which on average approximate \$140,000 in cash, net of non-cash contributions.

NOTE 4: CONCENTRATION OF CREDIT RISK

At June 30, 2022, the Organization's uninsured cash balance totaled approximately \$7,104,058 for amounts held in accounts that exceed the FDIC/SPIC coverage limit of \$250,000/\$500,000.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5: SIMPLE IRA PLAN

EHP maintains a Simple IRA Plan for employees who earn a minimum of \$5,000 and have worked a full year. Employees can contribute to the plan by making Elective Deferrals. EHP has authorized nonelective contributions of 2% of compensation to be contributed on behalf of the employee. Total amount contributed for the year ended June 30, 2022 was \$13,249 and for the year ended June 30, 2021 was \$5,905.

NOTE 6: 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 no volunteer professional services. Services are usually valued 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 3,453 volunteer hours for the year ended June 30, 2022 which valued at \$15 per hour would amount to \$51,795. The Organization also received \$3,228,939 of contributed supplies and 20,442 of contributed rent, which were valued at an estimated value for a typical food, toy or clothing donation.

NOTE 7: FIXED ASSETS

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Buildings	\$ 1,641,186	\$ 1,409,731
Land	768,082	768,082
Improvements	92,119	92,119
Warehouse	234,884	234,884
Landscaping	251,200	251,200
Furniture & Equipment	169,538	169,538
Vehicles	<u>236,513</u>	<u>236,512</u>
Fixed Assets, Cost	3,393,522	3,162,066
Less Accumulated Dep.	<u>(1,280,724)</u>	<u>(1,172,668)</u>
Fixed Assets, Net	<u>\$ 2,112,798</u>	<u>\$ 1,989,398</u>

ECUMENICAL HUNGER PROGRAM
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8: 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 mother, the sister-in-law and the daughter of the Executive Director for fund raising services and for program services.

NOTE 9: INVESTMENTS

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
Money Market	\$ <u>563,126</u>	\$ <u>563,126</u>	\$ <u>477,608</u>	\$ <u>477,608</u>
Total Investments	\$ <u><u>563,126</u></u>	\$ <u><u>563,126</u></u>	\$ <u><u>477,608</u></u>	\$ <u><u>477,608</u></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 10: COVID-19

The World Health Organization has classified the global occurrence of COVID-19 as a pandemic. To contain the spread of the virus, the state of California passed shelter-in-place regulations, mandating social distancing frequently resulted in reduced operations. The full impact of COVID-19 continues to evolve.

The Organization believes it has sufficient liquidity that along with its PPP Loan will enable it to meet operational costs in the short term. However, the situation's uncertainty means that an estimate of the full financial impact cannot be made at this time.

NOTE 11: DATE OF MANAGERMENTS REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through January 15, 2023, the date that the financial statements were available to be issued.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 12: PAYCHECK PROTECTION PROGRAM:

On May 7, 2020, the Organization received loan proceeds in the amount of approximately \$182,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty four week period.

The unforgiven portion of the PPP loan is payable at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, assurance can not be given that actions might cause the Organization to be ineligible for forgiveness of the loan, in whole or in part. The PPP proceeds have been recorded as a current liability and will be recognized as income when the PPP loan is forgiven.

On July 8, 2021 the loan was forgiven by the SBA and income was recorded in the amount of \$182,600 during the current period.