

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ECUMENICAL HUNGER PROGRAM

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INDEPENDENT AUDITORS' REPORT

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, 2021, 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, 2021, 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, 2021 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, 2021 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morton & Associates Inc.
Certified Public Accountants

December 15, 2021

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

	<u>Unrestricted</u>	<u>With Restrictions</u>	<u>Total All Funds June 30</u>	
			<u>Total 2021</u>	<u>Total 2020</u>
ASSETS				
Current Assets				
Cash & Equivalents	\$ 5,450,303	\$ 562,178	\$ 6,012,481	\$ 3,150,811
Investments	477,608		477,608	432,666
Prepaid Expenses	<u>1,380</u>		<u>1,380</u>	<u>1,380</u>
Total Current Assets	<u>5,929,291</u>	<u>562,178</u>	<u>6,491,469</u>	<u>3,584,857</u>
Fixed Assets				
Property & Equipment	3,162,066		3,162,066	3,046,941
Less: Accumulated Depreciation	<u>(1,172,668)</u>		<u>(1,172,668)</u>	<u>(1,091,747)</u>
Book Value of Fixed Assets	<u>1,989,398</u>		<u>1,989,398</u>	<u>1,955,194</u>
Total Assets	<u>\$ 7,918,689</u>	<u>\$ 562,178</u>	<u>\$ 8,480,867</u>	<u>\$ 5,540,051</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 65,332	\$	\$ 65,332	\$ 48,281
Payroll & Related Liabilities	50,209		50,209	39,337
PPP Loan	<u>182,600</u>		<u>182,600</u>	<u>182,600</u>
Total Liabilities	<u>298,141</u>		<u>298,141</u>	<u>270,218</u>
NET ASSETS				
Operating Fund	5,631,150	562,178	6,193,328	3,314,639
Property & Equipment Fund	<u>1,989,398</u>		<u>1,989,398</u>	<u>1,955,194</u>
Total Net Assets	<u>7,620,548</u>	<u>562,178</u>	<u>8,182,726</u>	<u>5,269,833</u>
Total Liabilities & Net Assets	<u>\$ 7,918,689</u>	<u>\$ 562,178</u>	<u>\$ 8,480,867</u>	<u>\$ 5,540,051</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, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

			Total All Funds June 30	
	Unrestricted	With Restrictions	Total 2021	Total 2020
SUPPORT				
Contributions	\$ 2,983,747	\$ 735,067	\$ 3,718,814	\$ 3,060,461
Contributions In-Kind	3,728,468		3,728,468	4,109,962
Foundation Grants	<u>613,800</u>		<u>613,800</u>	<u>704,800</u>
Total Support	<u>7,326,015</u>	<u>735,067</u>	<u>8,061,082</u>	<u>7,875,223</u>
REVENUE				
Special Events	46,131		46,131	1,971
Interest & Dividends	3,471		3,471	3,828
Other Income	1,507		1,507	2,273
Gain or Loss	(16)		(16)	(1,223)
Unrealized Gain or Loss	<u>(42)</u>		<u>(42)</u>	
Total Revenue	<u>51,051</u>		<u>51,051</u>	<u>6,849</u>
Total Increases in Net Assets	<u>\$ 7,377,066</u>	<u>\$ 735,067</u>	<u>\$ 8,112,133</u>	<u>\$ 7,882,072</u>
EXPENSES				
Program Services				
Program Services	<u>\$ 4,588,801</u>	<u>\$ 172,889</u>	<u>\$ 4,761,690</u>	<u>\$ 5,290,267</u>
Total Program Services	<u>4,588,801</u>	<u>172,889</u>	<u>4,761,690</u>	<u>5,290,267</u>
Support Services				
Management & General	269,078		269,078	263,678
Fundraising	<u>168,472</u>		<u>168,472</u>	<u>177,197</u>
Total Support Services	<u>437,550</u>		<u>437,550</u>	<u>440,875</u>
Total Expenses	<u>5,026,351</u>	<u>172,889</u>	<u>5,199,240</u>	<u>5,731,142</u>
Net Increase (Decrease) In Assets	2,350,715	562,178	2,912,893	2,150,930
Net Assets Beginning	<u>5,269,833</u>		<u>5,269,833</u>	<u>3,118,903</u>
Net Assets Ending	<u>\$ 7,620,548</u>	<u>\$ 562,178</u>	<u>\$ 8,182,726</u>	<u>\$ 5,269,833</u>

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ECUMENICAL HUNGER PROGRAM
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

	Program Services	Management & General	Fundraising	Support Services	Total 2021	Total 2020
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 2,799,000	\$ 576,514	\$ 343,300	\$ 919,814	\$ 3,718,814	\$ 3,060,461
Contributions In-Kind	3,728,468				3,728,468	4,109,962
Foundation Grants	613,800				613,800	704,800
Total Support	<u>7,141,268</u>	<u>576,514</u>	<u>343,300</u>	<u>919,814</u>	<u>8,061,082</u>	<u>7,875,223</u>
REVENUE						
Special Events			46,131	46,131	46,131	1,971
Interest & Dividends		3,471		3,471	3,471	3,828
Other Income		1,507		1,507	1,507	2,273
Gain or Loss		(16)		(16)	(16)	(1,223)
Unrealized Gain or Loss		(42)		(42)	(42)	
Total Revenue		<u>4,920</u>	<u>46,131</u>	<u>51,051</u>	<u>51,051</u>	<u>6,849</u>
Total Support & Revenue	<u>7,141,268</u>	<u>581,434</u>	<u>389,431</u>	<u>970,865</u>	<u>8,112,133</u>	<u>7,882,072</u>
EXPENSES						
Salaries	557,242	147,902	88,072	235,974	793,216	799,159
Benefits	86,561	22,975	13,681	36,656	123,217	144,790
Payroll Taxes	35,504	9,424	5,611	15,035	50,539	65,696
Total Salaries & Benefits	<u>679,307</u>	<u>180,301</u>	<u>107,364</u>	<u>287,665</u>	<u>966,972</u>	<u>1,009,645</u>
Professional Fees	97,625	25,912	15,430	41,342	138,967	143,892
Supplies	24,010	6,373	3,795	10,168	34,178	23,165
Contributed Supplies	3,646,949				3,646,949	4,109,962
Telephone	5,885	1,562	930	2,492	8,377	7,100
Postage & Shipping	2,910	772	460	1,232	4,142	4,000
Occupancy	24,406	3,254	4,881	8,135	32,541	37,112
Repairs & Maintenance	28,946	7,683	4,575	12,258	41,204	48,404
Printing & Publications	19,018	5,048	3,006	8,054	27,072	31,120
Dues & Publications	822	218	130	348	1,170	4,288
Advertising	1,311	348	207	555	1,866	1,493
Fundraising Costs			5,358	5,358	5,358	3,056
Travel & Transportation	15,539	4,124	2,456	6,580	22,119	22,330
Conferences & Meetings	60	16	9	25	85	218
Insurance	29,715	3,962	5,943	9,905	39,620	38,338
Miscellaneous		20,220		20,220	20,220	13,901
Depreciation	69,638	9,285	13,928	23,213	92,851	89,561
Program Expense	<u>115,549</u>				<u>115,549</u>	<u>143,557</u>
Total Expense	<u>4,761,690</u>	<u>269,078</u>	<u>168,472</u>	<u>437,550</u>	<u>5,199,240</u>	<u>5,731,142</u>
Increase(Decrease) in Net Assets	<u>\$ 2,379,578</u>	<u>\$ 312,356</u>	<u>\$ 220,959</u>	<u>\$ 533,315</u>	<u>\$ 2,912,893</u>	<u>\$ 2,150,930</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, 2021

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 2,912,893	\$ 2,150,930
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	92,850	89,561
Contributed Equipment	(81,519)	
 (Increase) Decrease in Assets:		
Accounts & Grants Receivable		200
 (Increase) Decrease in Liabilities:		
Accounts Payable	17,051	22,700
Payroll & Related Liabilities	10,872	2,662
Line of Credit		<u>182,600</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	 2,952,147	 2,448,653
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(44,941)	(22,447)
Property & Equipment	<u>(45,536)</u>	<u>(67,005)</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	 (90,477)	 (89,452)
CASH FLOWS FROM FINANCING ACTIVITIES		
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 <u>2,861,670</u>	 <u>2,359,201</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>3,150,811</u>	<u>791,610</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 6,012,481</u>	<u>\$ 3,150,811</u>
 NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 3,728,467</u>	<u>\$ 4,109,961</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, 2021

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, 2021

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 \$6,490,089 of financial assets available to meet cash needs for general expenditures within one year of June 30, 2021. That amount consists of checking account cash \$447,848, savings account of \$226,199 and money market accounts totalling \$5,338,434 plus Comerica Securities (money funds) of \$477,608. Cash in the amount of \$562,178 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the June 30, 2021.

Ecumenical Hunger Program has a goal to maintain cash on hand to meet normal monthly operating expenses, which on average approximate \$130,000 in cash, net of non-cash contributions.

NOTE 4: CONCENTRATION OF CREDIT RISK

At June 30, 2021, the Organization's uninsured cash balance totaled approximately \$5,520,484 for amounts held in accounts that exceed the FDIC coverage limit of \$250,000.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 was \$5,905 and for the year ended June 29, 2020 was \$5,718.

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 1,741 volunteer hours for the year ended June 30, 2021 which valued at \$15 per hour would amount to \$26,115. The Organization also received \$3,646,948 of contributed supplies, 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, 2021</u>	<u>June 30, 2020</u>
Buildings	\$ 1,409,731	\$ 1,370,126
Land	768,082	768,082
Improvements	92,119	92,119
Warehouse	234,884	233,009
Landscaping	251,200	251,200
Furniture & Equipment	169,538	165,483
Vehicles	236,512	166,922
Fixed Assets, Cost	<u>3,162,066</u>	<u>3,046,941</u>
Less Accumulated Dep.	<u>(1,172,668)</u>	<u>(1,091,747)</u>
Fixed Assets, Net	<u>\$ 1,989,398</u>	<u>\$ 1,955,194</u>

ECUMENICAL HUNGER PROGRAM
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

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 both the sister-in-law and the daughter of the Executive Director for fund raising services and for program services.

NOTE 9: INVESTMENTS

	June 30, 2021		June 30, 2020	
	Cost	FMV	Cost	FMV
Money Market	\$ 477,608	\$ 477,608	\$ 432,666	\$ 432,666
Total Investments	\$ 477,608	\$ 477,608	\$ 432,666	\$ 432,666

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 MANagements REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through December 15, 2021, the date that the financial statements were available to be issued.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.