

**ECUMENICAL HUNGER PROGRAM**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 (a non-profit organization) as of June 30, 2010, 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, 2010. 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, 2010 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, 2010 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, 2009, from which the summarized information was derived.

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

November 11, 2010

ECUMENICAL HUNGER PROGRAM  
STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2010

(With Summarized Financial Information for the Year Ended June 30, 2009)

		Total All Funds June 30	
	Unrestricted	Total 2010	Total 2009
<b>ASSETS</b>			
Current Assets			
Cash & Equivalents	\$ 862,415	\$ 862,415	\$ 609,157
Investments			2,989
Prepaid Expenses	1,440	1,440	1,440
Total Current Assets	863,855	863,855	613,586
Fixed Assets			
Property & Equipment	2,473,669	2,473,669	2,448,669
Less: Accumulated Depreciation	(413,299)	(413,299)	(360,336)
Book Value of Fixed Assets	2,060,370	2,060,370	2,088,333
 Total Assets	 \$ 2,924,225	 \$ 2,924,225	 \$ 2,701,919
 <b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 5,110	\$ 5,110	\$ 4,100
Payroll & Related Liabilities	18,036	18,036	17,767
Mortgage Payable	8,074	8,074	13,607
Loan Payable	252,202	252,202	260,636
Total Current Liabilities	283,422	283,422	296,110
Long Term Liabilities			
Mortgage Payable	516,022	516,022	523,371
Total Long Term Liabilities	516,022	516,022	523,371
Total Liabilities	799,444	799,444	819,481
 <b>NET ASSETS</b>			
Operating Fund	588,507	588,507	331,082
Property & Equipment Fund	1,536,274	1,536,274	1,551,356
Total Net Assets	2,124,781	2,124,781	1,882,438
 Total Liabilities & Net Assets	 \$ 2,924,225	 \$ 2,924,225	 \$ 2,701,919

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, 2010

(With Summarized Financial Information for the Year Ended June 30, 2009)

	<u>Unrestricted</u>	<u>Total All Funds</u>	
		<u>Total</u>	<u>Total</u>
		<u>2010</u>	<u>2009</u>
<b>SUPPORT</b>			
Contributions	\$ 758,877	\$ 758,877	\$ 765,283
Contributions In-Kind	1,433,142	1,433,142	1,323,980
Foundation Grants	<u>267,577</u>	<u>267,577</u>	<u>337,631</u>
Total Support	<u>2,459,596</u>	<u>2,459,596</u>	<u>2,426,894</u>
<b>REVENUE</b>			
Interest & Dividends	2,902	2,902	3,484
Rental Income	2,000	2,000	10,500
Other Income	<u>705</u>	<u>705</u>	<u>6,259</u>
Total Revenue	<u>5,607</u>	<u>5,607</u>	<u>20,243</u>
Total Increases in Net Assets	\$ <u>2,465,203</u>	\$ <u>2,465,203</u>	\$ <u>2,447,137</u>
<b>EXPENSES</b>			
Program Services			
Program Services	\$ <u>1,905,227</u>	\$ <u>1,905,227</u>	\$ <u>1,825,224</u>
Total Program Services	<u>1,905,227</u>	<u>1,905,227</u>	<u>1,825,224</u>
Support Services			
Management & General	224,085	224,085	211,877
Fundraising	<u>93,548</u>	<u>93,548</u>	<u>104,115</u>
Total Support Services	<u>317,633</u>	<u>317,633</u>	<u>315,992</u>
Total Expenses	<u>2,222,860</u>	<u>2,222,860</u>	<u>2,141,216</u>
Net Increase (Decrease) In Assets	242,343	242,343	305,921
Net Assets Beginning	<u>1,882,438</u>	<u>1,882,438</u>	<u>1,576,517</u>
Net Assets Ending	\$ <u>2,124,781</u>	\$ <u>2,124,781</u>	\$ <u>1,882,438</u>

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ECUMENICAL HUNGER PROGRAM  
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2010  
(With Summarized Financial Information for the Year Ended June 30, 2009)

	Program Services	Management & General	Fundraising	Support Services	Total 2010	Total 2009
<b>SUPPORT &amp; REVENUE</b>						
<b>SUPPORT</b>						
Contributions	\$ 1,433,142	\$ 81,494	\$ 677,384	\$ 758,878	\$ 758,878	\$ 765,283
Contributions In-Kind	267,577				1,433,142	1,323,980
Foundation Grants	1,700,719	81,494	677,384	758,878	2,675,777	337,631
<b>REVENUE</b>						
Interest & Dividends		2,902		2,902	2,902	3,484
Rental Income		2,000		2,000	2,000	10,500
Other Income		705		705	705	6,259
<b>Total Revenue</b>		<u>5,607</u>		<u>5,607</u>	<u>5,607</u>	<u>20,243</u>
<b>Total Support &amp; Revenue</b>	<u>1,700,719</u>	<u>87,101</u>	<u>677,384</u>	<u>764,485</u>	<u>2,465,204</u>	<u>2,447,137</u>
<b>EXPENSES</b>						
Salaries	180,230	106,562	36,116	142,678	322,908	278,257
Benefits	44,393	26,247	8,896	35,143	79,536	65,415
Payroll Taxes	16,282	9,627	3,263	12,890	29,172	26,622
Total Salaries & Benefits	240,905	142,436	48,275	190,711	431,616	370,294
Professional Fees	54,392	32,159	10,899	43,058	97,450	136,471
Contributed Services	70,038				70,038	15,732
Supplies	4,818	2,849	965	3,814	8,632	5,867
Contributed Supplies	1,335,757				1,335,757	1,308,248
Telephone	5,683	3,360	1,139	4,499	10,182	12,628
Postage & Shipping	3,723	2,201	746	2,947	6,670	5,749
Occupancy	35,396	4,720	7,079	11,799	47,195	50,208
Repairs & Maintenance	3,473	2,053	696	2,749	6,222	6,143
Building & Grounds	2,112	1,249	423	1,672	3,784	4,567
Printing & Publications	8,400	4,966	1,683	6,649	15,049	24,861
Dues & Publications	237	140	47	187	424	200
Advertising	6,688	3,954	1,340	5,294	11,982	2,661
Travel & Transportation	7,115	4,207	1,426	5,633	12,748	18,031
Conferences & Meetings		2,430		2,430	2,430	400
Insurance	12,079	1,611	2,416	4,027	16,106	17,071
Miscellaneous		4,807		4,807	4,807	3,461
Interest Expense	42,352	5,647	8,470	14,117	56,469	56,982
Depreciation	39,722	5,296	7,944	13,240	52,962	51,249
Program Expense	32,337				32,337	50,393
<b>Total Expense</b>	<u>1,905,227</u>	<u>224,085</u>	<u>93,548</u>	<u>317,633</u>	<u>2,222,860</u>	<u>2,141,216</u>
Increase(Decrease) in Net Assets	\$ (204,508)	\$ (136,984)	\$ 583,836	\$ 446,852	\$ 242,344	\$ 305,921

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ECUMENICAL HUNGER PROGRAM

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Increase (Decrease) in Net Assets	\$ 242,344	\$ 305,921
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	52,963	51,249
 (Increase) Decrease in Assets:		
Prepaid Expenses		(60)
 (Increase) Decrease in Liabilities:		
Accounts Payable	1,010	(8,341)
Payroll & Related Liabilities	269	8,078
Line of Credit	<u>(8,435)</u>	<u>(9,754)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	 288,151	 347,093
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments	2,989	12,495
Property & Equipment	<u>(25,000)</u>	<u>(8,119)</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	 (22,011)	 4,376
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Mortgage Payable	<u>(12,882)</u>	<u>(12,424)</u>
 NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	 <u>(12,882)</u>	 <u>(12,424)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 <u>253,258</u>	 <u>339,045</u>
 CASH & CASH EQUIVALENTS, BEGINNING	 <u>609,157</u>	 <u>270,112</u>
 CASH & CASH EQUIVALENTS, ENDING	 <u>\$ 862,415</u>	 <u>\$ 609,157</u>
 <b>NON CASH TRANSACTIONS</b>		
Contributed Goods & Services	<u>\$ 1,433,142</u>	<u>\$ 1,323,980</u>
Interest Paid	<u>\$ 56,469</u>	<u>\$ 56,983</u>

The Accompanying Independent Auditors' Report and the Attached Notes  
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ECUMENICAL HUNGER PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010

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 standard FDIC coverage limit of \$250,000. During the fiscal year ended June 30, 2010, the Organization's cash balances were fully insured under the FDIC's Transaction Account Guarantee program which provided unlimited coverage for NOW accounts receiving interest of 0.50% or less. Effective July 1, the Organization's main bank elected to opt-out of the TAG program so that approximately \$618,500 became uninsured.

NOTE 4: NOTE PAYABLE

EHP has a Note Payable with Comerica Bank due February 2015 for \$252,202 which bears interest at 6% and requires monthly payments of \$2,150. Annual payments are as follows:

Year	Amount
2010	\$ 25,797
2011	25,797
2012	25,797
Thereafter	174,811
Total	\$ 252,202

ECUMENICAL HUNGER PROGRAM  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2010

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 \$70,038. 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 8,457 volunteer hours for the year ended June 30, 2010 which valued at \$10 per hour would amount to \$84,573. The Organization also received \$1,338,104 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:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Buildings	\$ 1,371,668	\$ 1,371,668
Land	600,000	600,000
Warehouse	142,298	142,298
Landscaping	236,250	236,250
Furniture & Equipment	82,124	57,124
Vehicles	41,330	41,330
Fixed Assets, Cost	<u>2,473,670</u>	<u>2,448,670</u>
Less Accumulated Dep.	<u>(413,299)</u>	<u>(360,336)</u>
Fixed Assets, Net	<u>\$ 2,060,371</u>	<u>\$ 2,088,334</u>

NOTE 7: MORTGAGE PAYABLE

A mortgage dated May 13, 2010 and maturing May 13, 2015 is payable to Cordes Lake Family Trust in 60 monthly installments of \$3,709 with interest at 7%.

Required Annual payments are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 52,482
2011	44,505
2012	44,505
Thereafter	<u>382,604</u>
Total	<u>\$ 524,096</u>

ECUMENICAL HUNGER PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8: SIMPLE IRA PLAN

During the current period, 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 2010. EHP has chosen nonelective contributions of 2% of compensation to be contributed on behalf of the employee. Total amount contributed for fiscal year ended 2010 equals \$3,096.