

ECUMENICAL HUNGER PROGRAM  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2014, 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, 2014.

### **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, 2014 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, 2014 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, 2013, from which the summarized information was derived.

*Morton & Associates, Inc.*

Morton & Associates Inc.  
Certified Public Accountants

November 17, 2014

ECUMENICAL HUNGER PROGRAM  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2014

(With Summarized Financial Information for the Year Ended June 30, 2013)

	Unrestricted	Total All Funds June 30	
		Total 2014	Total 2013
<b>ASSETS</b>			
Current Assets			
Cash & Equivalents	\$ 887,117	\$ 887,117	\$ 956,037
Accounts Receivable			3,453
Prepaid Expenses	8,460	8,460	4,580
Total Current Assets	895,577	895,577	964,070
Fixed Assets			
Property & Equipment	2,507,357	2,507,357	2,498,180
Less: Accumulated Depreciation	(621,233)	(621,233)	(560,384)
Book Value of Fixed Assets	1,886,124	1,886,124	1,937,796
Total Assets	\$ 2,781,701	\$ 2,781,701	\$ 2,901,866
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 3,332	\$ 3,332	\$ 6,830
Payroll & Related Liabilities	13,826	13,826	12,400
Loan Payable			217,895
Total Liabilities	17,158	17,158	237,125
<b>NET ASSETS</b>			
Operating Fund	878,419	878,419	944,839
Property & Equipment Fund	1,886,124	1,886,124	1,719,902
Total Net Assets	2,764,543	2,764,543	2,664,741
Total Liabilities & Net Assets	\$ 2,781,701	\$ 2,781,701	\$ 2,901,866

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, 2014

(With Summarized Financial Information for the Year Ended June 30, 2013)

		Total All Funds June 30	
	Unrestricted	Total 2014	Total 2013
<b>SUPPORT</b>			
Contributions	\$ 1,064,487	\$ 1,064,487	\$ 739,271
Contributions In-Kind	1,580,499	1,580,499	1,624,854
Foundation Grants	208,009	208,009	411,193
Total Support	2,852,995	2,852,995	2,775,318
<b>REVENUE</b>			
Interest & Dividends	1,032	1,032	1,347
Other Income	549	549	2,506
Unrealized Gain or Loss			19
Total Revenue	1,581	1,581	3,872
Total Increases in Net Assets	\$ 2,854,576	\$ 2,854,576	\$ 2,779,190
<b>EXPENSES</b>			
Program Services			
Program Services	\$ 2,350,251	\$ 2,350,251	\$ 2,261,492
Total Program Services	2,350,251	2,350,251	2,261,492
Support Services			
Management & General	237,002	237,002	224,403
Fundraising	167,521	167,521	153,823
Total Support Services	404,523	404,523	378,226
Total Expenses	2,754,774	2,754,774	2,639,718
Net Increase (Decrease) In Assets	99,802	99,802	139,472
Net Assets Beginning	2,664,741	2,664,741	2,525,269
Net Assets Ending	\$ 2,764,543	\$ 2,764,543	\$ 2,664,741

The Accompanying Independent Auditors' Report and the Attached Notes  
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ECUMENICAL HUNGER PROGRAM  
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Summarized Financial Information for the Year Ended June 30, 2013)

	Program Services	Management & General	Fundraising	Support Services	Total 2014	Total 2013
<b>SUPPORT &amp; REVENUE</b>						
<b>SUPPORT</b>						
Contributions	\$ 150,000	\$ 102,129	\$ 812,358	\$ 914,487	\$ 1,064,487	\$ 739,271
Contributions In-Kind	1,580,499				1,580,499	1,624,854
Foundation Grants	208,009				208,009	411,193
Total Support	1,938,508	102,129	812,358	914,487	2,852,995	2,775,318
<b>REVENUE</b>						
Interest & Dividends		1,032		1,032	1,032	1,347
Other Income		549		549	549	2,506
Unrealized Gain or Loss						19
Total Revenue		1,581		1,581	1,581	3,872
Total Support & Revenue	1,938,508	103,710	812,358	916,068	2,854,576	2,779,190
<b>EXPENSES</b>						
Salaries	250,686	112,946	63,087	176,033	426,719	400,148
Benefits	52,327	23,576	13,169	36,745	89,072	83,159
Payroll Taxes	23,954	10,792	6,028	16,820	40,774	34,840
Total Salaries & Benefits	326,967	147,314	82,284	229,598	556,565	518,147
Professional Fees	88,123	39,704	22,177	61,881	150,004	128,593
Contributed Services	12,547				12,547	11,428
Supplies	8,000	3,605	2,013	5,618	13,618	10,377
Contributed Supplies	1,567,952				1,567,952	1,613,426
Telephone	7,742	3,488	1,948	5,436	13,178	12,556
Postage & Shipping	7,581	3,416	1,908	5,324	12,905	8,070
Occupancy	47,761	6,368	9,552	15,920	63,681	63,108
Repairs & Maintenance	267	120	68	188	455	14,519
Building & Grounds	154	70	39	109	263	1,974
Printing & Publications	114	51	29	80	194	15,422
Dues & Publications	1,688	760	425	1,185	2,873	1,148
Advertising	7,269	3,275	1,829	5,104	12,373	4,909
Fundraising Costs			27,393	27,393	27,393	33,283
Travel & Transportation	13,364	6,021	3,363	9,384	22,748	22,030
Conferences & Meetings		134		134	134	1,200
Insurance	17,388	2,452	3,478	5,930	23,318	22,081
Miscellaneous		12,880		12,880	12,880	6,689
Interest Expense	382	51	76	127	509	13,578
Depreciation	54,696	7,293	10,939	18,232	72,928	71,602
Program Expense	188,256				188,256	65,578
Total Expense	2,350,251	237,002	167,521	404,523	2,754,774	2,639,718
Increase/(Decrease) in Net Assets	\$ (411,743)	\$ (133,292)	\$ 644,837	\$ 511,545	\$ 99,802	\$ 139,472

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, 2014

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Increase (Decrease) in Net Assets	\$ 99,802	\$ 139,472
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	72,928	71,603
(Increase) Decrease in Assets:		
Accounts & Grants Receivable	3,453	(3,453)
Prepaid Expenses	(3,880)	(3,200)
(Increase) Decrease in Liabilities:		
Accounts Payable	(3,498)	6,831
Payroll & Related Liabilities	1,426	(1,758)
Line of Credit	<u>(217,895)</u>	<u>(12,220)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	(47,664)	197,275
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property & Equipment	<u>(21,256)</u>	<u>(4,290)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(21,256)	(4,290)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(68,920)</u>	<u>192,985</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>956,037</u>	<u>763,052</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 887,117</u>	<u>\$ 956,037</u>
<b>NON CASH TRANSACTIONS</b>		
Contributed Goods & Services	<u>\$ 1,580,499</u>	<u>\$ 1,624,854</u>
Interest Paid	<u>\$ 509</u>	<u>\$ 13,577</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, 2014

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, 2014

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 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 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. At June 30, 2014, the Organization has \$738,700 of uninsured cash balances.

NOTE 4: NOTE PAYABLE

In July 2013, EHP paid off the entire remaining balance of its Note Payable with Comerica Bank. Consequently, there is no outstanding line of credit balance at this time.

ECUMENICAL HUNGER PROGRAM  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014

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 \$12,547. 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 10,218 volunteer hours for the year ended June 30, 2014 which valued at \$10 per hour would amount to \$102,180. The Organization also received \$1,567,952 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, 2014</u>	<u>June 30, 2013</u>
Buildings	\$ 1,203,586	\$ 1,203,586
Land	768,082	768,082
Warehouse	142,298	142,298
Landscaping	236,250	236,250
Furniture & Equipment	73,539	64,362
Vehicles	<u>83,602</u>	<u>83,602</u>
Fixed Assets, Cost	2,507,357	2,498,180
Less Accumulated Dep.	<u>(621,233)</u>	<u>(560,384)</u>
Fixed Assets, Net	<u>\$ 1,886,124</u>	<u>\$ 1,937,796</u>

NOTE 7: 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, 2014 was \$2,926 and for the year ended June 30, 2013 was \$5,122.

ECUMENICAL HUNGER PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

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 sister-in-law of the Executive Director for fund raising services.

NOTE 9: DATE OF MANAGER'S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through November 17, 2014, the date that the financial statements were available to be issued.