

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2018, 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, 2018, 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, 2018 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, 2018 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morton & Associates, Inc

Morton & Associates Inc.
Certified Public Accountants

January 15, 2019

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	Unrestricted	Total All Funds June 30	
		Total 2018	Total 2017
ASSETS			
Current Assets			
Cash & Equivalents	\$ 595,028	\$ 595,028	\$ 422,907
Investments	405,030	405,030	388,492
Accounts Receivable	4,739	4,739	16,989
Prepaid Expenses	10,447	10,447	10,447
Total Current Assets	1,015,244	1,015,244	838,835
Fixed Assets			
Property & Equipment	2,832,849	2,832,849	2,796,903
Less: Accumulated Depreciation	(911,700)	(911,700)	(826,557)
Book Value of Fixed Assets	1,921,149	1,921,149	1,970,346
Total Assets	\$ 2,936,393	\$ 2,936,393	\$ 2,809,181
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 26,685	\$ 26,685	\$ 3,959
Payroll & Related Liabilities	35,191	35,191	35,552
Total Liabilities	61,876	61,876	39,511
NET ASSETS			
Operating Fund	953,368	953,368	799,324
Property & Equipment Fund	1,921,149	1,921,149	1,970,346
Total Net Assets	2,874,517	2,874,517	2,769,670
Total Liabilities & Net Assets	\$ 2,936,393	\$ 2,936,393	\$ 2,809,181

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, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	<u>Unrestricted</u>	<u>Total All Funds</u>	
		<u>Total</u> <u>2018</u>	<u>Total</u> <u>2017</u>
SUPPORT			
Contributions	\$ 1,135,942	\$ 1,135,942	\$ 902,642
Contributions In-Kind	3,792,718	3,792,718	3,823,393
Foundation Grants	<u>403,233</u>	<u>403,233</u>	<u>291,126</u>
Total Support	<u>5,331,893</u>	<u>5,331,893</u>	<u>5,017,161</u>
REVENUE			
Special Events	15,886	15,886	44,813
Interest & Dividends	1,699	1,699	1,366
Other Income	2,437	2,437	19,121
Gain or Loss	193	193	
Unrealized Gain or Loss	<u>161</u>	<u>161</u>	
Total Revenue	<u>20,376</u>	<u>20,376</u>	<u>65,300</u>
Total Increases in Net Assets	\$ <u>5,352,269</u>	\$ <u>5,352,269</u>	\$ <u>5,082,461</u>
EXPENSES			
Program Services			
Program Services	\$ <u>4,747,219</u>	\$ <u>4,747,219</u>	\$ <u>4,791,714</u>
Total Program Services	<u>4,747,219</u>	<u>4,747,219</u>	<u>4,791,714</u>
Support Services			
Management & General	337,627	337,627	344,381
Fundraising	<u>162,576</u>	<u>162,576</u>	<u>152,062</u>
Total Support Services	<u>500,203</u>	<u>500,203</u>	<u>496,443</u>
Total Expenses	<u>5,247,422</u>	<u>5,247,422</u>	<u>5,288,157</u>
Net Increase (Decrease) In Assets	104,847	104,847	(205,696)
Net Assets Beginning	<u>2,769,670</u>	<u>2,769,670</u>	<u>2,975,366</u>
Net Assets Ending	\$ <u><u>2,874,517</u></u>	\$ <u><u>2,874,517</u></u>	\$ <u><u>2,769,670</u></u>

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ECUMENICAL HUNGER PROGRAM
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	Program Services	Management & General	Fundraising	Support Services	Total 2018	Total 2017
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 40,000	\$ 106,907	\$ 989,035	\$ 1,095,942	\$ 1,135,942	\$ 902,642
Contributions In-Kind	3,785,954	6,764		6,764	3,792,718	3,823,393
Foundation Grants	403,233				403,233	291,126
Total Support	4,229,187	113,671	989,035	1,102,706	5,331,893	5,017,161
REVENUE						
Special Events			15,886	15,886	15,886	44,813
Interest & Dividends		1,699		1,699	1,699	1,366
Other Income		2,437		2,437	2,437	19,121
Gain or Loss		193		193	193	
Unrealized Gain or Loss		161		161	161	
Total Revenue		4,490	15,886	20,376	20,376	65,300
Total Support & Revenue	4,229,187	118,161	1,004,921	1,123,082	5,352,269	5,082,461
EXPENSES						
Salaries	458,350	192,707	80,954	273,661	732,011	652,697
Benefits	82,239	34,576	14,525	49,101	131,340	176,568
Payroll Taxes	39,172	16,469	6,919	23,388	62,560	57,087
Total Salaries & Benefits	579,761	243,752	102,398	346,150	925,911	886,352
Professional Fees	106,069	44,595	18,734	63,329	169,398	182,645
Contributed Services	7,231				7,231	17,067
Supplies	12,905	5,426	2,279	7,705	20,610	19,877
Contributed Supplies	3,785,487				3,785,487	3,806,326
Telephone	8,811	3,704	1,556	5,260	14,071	11,793
Postage & Shipping	2,076	873	367	1,240	3,316	6,213
Occupancy	40,128	5,350	8,026	13,376	53,504	58,944
Repairs & Maintenance	7,954	3,344	1,405	4,749	12,703	32,142
Printing & Publications	6,561	2,758	1,159	3,917	10,478	21,072
Dues & Publications	1,859	782	328	1,110	2,969	5,997
Advertising	3,464	1,456	612	2,068	5,532	14,808
Fundraising Costs			4,815	4,815	4,815	5,088
Travel & Transportation	17,625	7,410	3,113	10,523	28,148	16,117
Conferences & Meetings	1,127	474	199	673	1,800	1,133
Insurance	24,072	3,210	4,814	8,024	32,096	22,711
Miscellaneous	63,857	5,979		5,979	5,979	8,595
Depreciation		8,514	12,771	21,285	85,142	81,497
Program Expense	78,232				78,232	89,780
Total Expense	4,747,219	337,627	162,576	500,203	5,247,422	5,288,157
Increase/(Decrease) in Net Assets	\$ (518,032)	\$ (219,466)	\$ 842,345	\$ 622,879	\$ 104,847	\$ (205,696)

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, 2018

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 104,847	\$ (205,696)
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	85,143	81,497
(Increase) Decrease in Assets:		
Accounts & Grants Receivable	12,250	(10,989)
(Increase) Decrease in Liabilities:		
Accounts Payable	22,726	376
Payroll & Related Liabilities	<u>(361)</u>	<u>311</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	224,605	(134,501)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(16,538)	111,764
Property & Equipment	<u>(35,946)</u>	<u>(98,351)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(52,484)	13,413
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>172,121</u>	<u>(121,088)</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>422,907</u>	<u>543,995</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 595,028</u>	<u>\$ 422,907</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 3,792,718</u>	<u>\$ 3,823,393</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, 2018

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.

- Unrestricted Net Assets 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. CASV 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.
- Donor Imposed 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, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments consist of Certificates of Deposit held by Comerica. The CD's are valued at fair market value with the net change recorded as unrealized gain or loss. 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: CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at financial institutions below the standard FDIC coverage limit of \$250,000. At June 30, 2018, the Organization's uninsured cash balance totaled approximately \$131,679.

NOTE 4: 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, 2018 was \$9,284 and for the year ended June 30, 2017 was \$3,823.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 \$7,231. 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 13,912 volunteer hours for the year ended June 30, 2018 which valued at \$10 per hour would amount to \$139,120. The Organization also received \$3,785,487 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, 2018</u>	<u>June 30, 2017</u>
Buildings	\$ 1,316,423	\$ 1,310,477
Land	768,082	768,082
Warehouse	233,009	233,009
Landscaping	236,250	236,250
Furniture & Equipment	165,483	165,483
Vehicles	<u>113,602</u>	<u>83,602</u>
Fixed Assets, Cost	2,832,849	2,796,903
Less Accumulated Dep.	<u>(911,700)</u>	<u>(826,557)</u>
Fixed Assets, Net	<u>\$ 1,921,149</u>	<u>\$ 1,970,346</u>

NOTE 7: 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 and to the daughter of the bookkeeper for adult resources.

ECUMENICAL HUNGER PROGRAM
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8: INVESTMENTS

	June 30, 2018		June 30, 2017	
	Cost	FMV	Cost	FMV
Money Market	\$ 405,030	\$ 405,030	\$ 388,492	\$ 388,492
Total Investments	\$ 405,030	\$ 405,030	\$ 388,492	\$ 388,492

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 9: 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, 2019, the date that the financial statements were available to be issued.