

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2019, 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, 2019, 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, 2019 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, 2019 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morton & Associates Inc.
Certified Public Accountants

June 12, 2020

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	Unrestricted	Total All Funds June 30	
		Total 2019	Total 2018
ASSETS			
Current Assets			
Cash & Equivalents	\$ 791,610	\$ 791,610	\$ 595,028
Investments	410,219	410,219	405,030
Accounts Receivable	200	200	4,739
Prepaid Expenses	1,380	1,380	10,447
Total Current Assets	1,203,409	1,203,409	1,015,244
Fixed Assets			
Property & Equipment	2,979,936	2,979,936	2,832,849
Less: Accumulated Depreciation	(1,002,186)	(1,002,186)	(911,700)
Book Value of Fixed Assets	1,977,750	1,977,750	1,921,149
Total Assets	\$ 3,181,159	\$ 3,181,159	\$ 2,936,393
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 25,581	\$ 25,581	\$ 26,685
Payroll & Related Liabilities	36,675	36,675	35,191
Total Liabilities	62,256	62,256	61,876
NET ASSETS			
Operating Fund	1,141,153	1,141,153	953,368
Property & Equipment Fund	1,977,750	1,977,750	1,921,149
Total Net Assets	3,118,903	3,118,903	2,874,517
Total Liabilities & Net Assets	\$ 3,181,159	\$ 3,181,159	\$ 2,936,393

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, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

		Total All Funds June 30	
	<u>Unrestricted</u>	<u>Total 2019</u>	<u>Total 2018</u>
SUPPORT			
Contributions	\$ 1,525,194	\$ 1,525,194	\$ 1,135,942
Contributions In-Kind	4,373,621	4,373,621	3,792,718
Foundation Grants	<u>249,060</u>	<u>249,060</u>	<u>403,233</u>
Total Support	<u>6,147,875</u>	<u>6,147,875</u>	<u>5,331,893</u>
REVENUE			
Special Events	36,417	36,417	15,886
Interest & Dividends	6,045	6,045	1,699
Other Income			2,437
Gain or Loss			193
Unrealized Gain or Loss			<u>161</u>
Total Revenue	<u>42,462</u>	<u>42,462</u>	<u>20,376</u>
Total Increases in Net Assets	<u>\$ 6,190,337</u>	<u>\$ 6,190,337</u>	<u>\$ 5,352,269</u>
EXPENSES			
Program Services			
Program Services	<u>\$ 5,389,720</u>	<u>\$ 5,389,720</u>	<u>\$ 4,747,219</u>
Total Program Services	<u>5,389,720</u>	<u>5,389,720</u>	<u>4,747,219</u>
Support Services			
Management & General	340,908	340,908	337,627
Fundraising	<u>215,323</u>	<u>215,323</u>	<u>162,576</u>
Total Support Services	<u>556,231</u>	<u>556,231</u>	<u>500,203</u>
Total Expenses	<u>5,945,951</u>	<u>5,945,951</u>	<u>5,247,422</u>
Net Increase (Decrease) In Assets	244,386	244,386	104,847
Net Assets Beginning	<u>2,874,517</u>	<u>2,874,517</u>	<u>2,769,670</u>
Net Assets Ending	<u>\$ 3,118,903</u>	<u>\$ 3,118,903</u>	<u>\$ 2,874,517</u>

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ECUMENICAL HUNGER PROGRAM
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	Program Services	Management & General	Fundraising	Support Services	Total 2019	Total 2018
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 43,000	\$ 173,450	\$ 1,308,744	\$ 1,482,194	\$ 1,525,194	\$ 1,135,942
Contributions In-Kind	4,371,332	2,289		2,289	4,373,621	3,792,718
Foundation Grants	<u>249,060</u>				<u>249,060</u>	<u>403,233</u>
Total Support	4,663,392	175,739	1,308,744	1,484,483	6,147,875	5,331,893
REVENUE						
Special Events			36,417	36,417	36,417	15,886
Interest & Dividends		6,045		6,045	6,045	1,699
Other Income						2,437
Gain or Loss						193
Unrealized Gain or Loss						<u>161</u>
Total Revenue		<u>6,045</u>	<u>36,417</u>	<u>42,462</u>	<u>42,462</u>	<u>20,376</u>
Total Support & Revenue	4,663,392	181,784	1,345,161	1,526,945	6,190,337	5,352,269
EXPENSES						
Salaries	476,574	188,147	94,345	282,492	759,066	732,011
Benefits	81,971	32,362	16,227	48,589	130,560	131,340
Payroll Taxes	<u>43,802</u>	<u>17,293</u>	<u>8,671</u>	<u>25,964</u>	<u>69,766</u>	<u>62,560</u>
Total Salaries & Benefits	602,347	237,802	119,243	357,045	959,392	925,911
Professional Fees	127,377	50,287	25,216	75,503	202,880	169,398
Contributed Services	2,289				2,289	7,231
Supplies	8,130	3,210	1,610	4,820	12,950	20,610
Contributed Supplies	4,371,332				4,371,332	3,785,487
Telephone	10,135	4,001	2,006	6,007	16,142	14,071
Postage & Shipping	2,440	963	483	1,446	3,886	3,316
Occupancy	40,707	5,428	8,141	13,569	54,276	53,504
Repairs & Maintenance	7,542	2,977	1,493	4,470	12,012	12,703
Printing & Publications	10,169	4,015	2,013	6,028	16,197	10,478
Dues & Publications	2,338	923	463	1,386	3,724	2,969
Advertising	1,931	763		382	3,076	5,532
Fundraising Costs			33,036	33,036	33,036	4,815
Travel & Transportation	12,819	5,061	2,538	7,599	20,418	28,148
Conferences & Meetings	345	136	68	204	549	1,800
Insurance	25,290	3,372	5,058	8,430	33,720	32,096
Miscellaneous		12,921		12,921	12,921	5,979
Depreciation	67,865	9,049	13,573	22,622	90,487	85,142
Program Expense	<u>96,664</u>				<u>96,664</u>	<u>78,232</u>
Total Expense	<u>5,389,720</u>	<u>340,908</u>	<u>215,323</u>	<u>556,231</u>	<u>5,945,951</u>	<u>5,247,422</u>
Increase(Decrease) in Net Assets	<u>\$ (726,328)</u>	<u>\$ (159,124)</u>	<u>\$ 1,129,838</u>	<u>\$ 970,714</u>	<u>\$ 244,386</u>	<u>\$ 104,847</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, 2019

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 244,386	\$ 104,847
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	90,486	85,143
(Increase) Decrease in Assets:		
Accounts & Grants Receivable	4,539	12,250
Prepaid Expenses	9,067	
(Increase) Decrease in Liabilities:		
Accounts Payable	(1,104)	22,726
Payroll & Related Liabilities	<u>1,484</u>	<u>(361)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	348,858	224,605
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(5,189)	(16,538)
Property & Equipment	<u>(147,087)</u>	<u>(35,946)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(152,276)	(52,484)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>196,582</u>	<u>172,121</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>595,028</u>	<u>422,907</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 791,610</u>	<u>\$ 595,028</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 4,373,621</u>	<u>\$ 3,792,718</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, 2019

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, 2019

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: LIQUIDITY

Ecumenical Hunger Program has \$1,200,000 of financial assets available to meet cash needs for general expenditures within one year of June 30, 2019. That amount consists of checking account cash of \$791,610 plus money market funds of \$410,219. No donor or other contractual restrictions make these amounts unavailable for general expenditure within one year of June 30, 2019.

Ecumenical Hunger Program has a goal to maintain cash on hand to meet normal monthly operating expenses, which on average approximate \$135,000 in cash, net of non-cash contributions.

NOTE 4: CONCENTRATION OF CREDIT RISK

At June 30, 2019, the Organization's uninsured cash balance totaled approximately \$324,000 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, 2019

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, 2019 was \$9,484 and for the year ended June 30, 2018 was \$9,284.

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 volunteer professional services valued at \$2,289. 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 12,580 volunteer hours for the year ended June 30, 2019 which valued at \$10 per hour would amount to \$125,800. The Organization also received \$4,371,331 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:

		June 30, 2018
Buildings	\$ 1,325,478	\$ 1,316,423
Land	768,082	768,082
Improvements	69,773	
Warehouse	233,009	233,009
Landscaping	251,200	236,250
Furniture & Equipment	165,483	165,483
Vehicles	166,911	113,602
Fixed Assets, Cost	2,979,936	2,832,849
Less Accumulated Dep.	(1,002,186)	(911,700)
Fixed Assets, Net	<u>\$ 1,977,750</u>	<u>\$ 1,921,149</u>

ECUMENICAL HUNGER PROGRAM
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

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 and to the daughter of the bookkeeper for adult resources.

NOTE 9: INVESTMENTS

	<u>June 30, 2019</u>		<u>June 30, 2018</u>	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
Money Market	\$ <u>410,219</u>	\$ <u>410,219</u>	\$ <u>405,030</u>	\$ <u>405,030</u>
Total Investments	\$ <u><u>410,219</u></u>	\$ <u><u>410,219</u></u>	\$ <u><u>405,030</u></u>	\$ <u><u>405,030</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: DATE OF MANAGERMENTS REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through June 12, 2020, the date that the financial statements were available to be issued.