

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ECUMENICAL HUNGER PROGRAM

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INDEPENDENT AUDITORS' REPORT



2479 E. Bayshore Rd., Suite 285
Palo Alto, CA 94303

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, 2015, 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, 2015, 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, 2015 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, 2015 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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 20, 2016

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

	<u>Unrestricted</u>	<u>Total All Funds June 30</u>	
		<u>Total 2015</u>	<u>Total 2014</u>
ASSETS			
Current Assets			
Cash & Equivalents	\$ 493,803	\$ 493,803	\$ 887,117
Investments	600,593	600,593	
Prepaid Expenses	<u>8,123</u>	<u>8,123</u>	<u>8,460</u>
Total Current Assets	<u>1,102,519</u>	<u>1,102,519</u>	<u>895,577</u>
Fixed Assets			
Property & Equipment	2,557,175	2,557,175	2,507,357
Less: Accumulated Depreciation	<u>(696,901)</u>	<u>(696,901)</u>	<u>(621,233)</u>
Book Value of Fixed Assets	<u>1,860,274</u>	<u>1,860,274</u>	<u>1,886,124</u>
Total Assets	<u>\$ 2,962,793</u>	<u>\$ 2,962,793</u>	<u>\$ 2,781,701</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 9,335	\$ 9,335	\$ 3,332
Payroll & Related Liabilities	<u>17,311</u>	<u>17,311</u>	<u>13,826</u>
Total Liabilities	<u>26,646</u>	<u>26,646</u>	<u>17,158</u>
NET ASSETS			
Operating Fund	1,075,873	1,075,873	878,419
Property & Equipment Fund	<u>1,860,274</u>	<u>1,860,274</u>	<u>1,886,124</u>
Total Net Assets	<u>2,936,147</u>	<u>2,936,147</u>	<u>2,764,543</u>
Total Liabilities & Net Assets	<u>\$ 2,962,793</u>	<u>\$ 2,962,793</u>	<u>\$ 2,781,701</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, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

	Unrestricted	Total All Funds June 30	
		Total 2015	Total 2014
SUPPORT			
Contributions	\$ 941,990	\$ 941,990	\$ 924,370
Contributions In-Kind	2,012,402	2,012,402	1,580,499
Foundation Grants	<u>349,444</u>	<u>349,444</u>	<u>208,009</u>
Total Support	<u>3,303,836</u>	<u>3,303,836</u>	<u>2,712,878</u>
REVENUE			
Special Events	129,151	129,151	140,117
Interest & Dividends	1,181	1,181	1,032
Other Income	4,765	4,765	549
Gain or Loss	(7)	(7)	
Unrealized Gain or Loss	<u>266</u>	<u>266</u>	
Total Revenue	<u>135,356</u>	<u>135,356</u>	<u>141,698</u>
Total Increases in Net Assets	<u>\$ 3,439,192</u>	<u>\$ 3,439,192</u>	<u>\$ 2,854,576</u>
EXPENSES			
Program Services			
Program Services	<u>\$ 2,745,159</u>	<u>\$ 2,745,159</u>	<u>\$ 2,342,326</u>
Total Program Services	<u>2,745,159</u>	<u>2,745,159</u>	<u>2,342,326</u>
Support Services			
Management & General	330,571	330,571	237,002
Fundraising	<u>191,858</u>	<u>191,858</u>	<u>175,446</u>
Total Support Services	<u>522,429</u>	<u>522,429</u>	<u>412,448</u>
Total Expenses	<u>3,267,588</u>	<u>3,267,588</u>	<u>2,754,774</u>
Net Increase (Decrease) In Assets	171,604	171,604	99,802
Net Assets Beginning	<u>2,764,543</u>	<u>2,764,543</u>	<u>2,664,741</u>
Net Assets Ending	<u>\$ 2,936,147</u>	<u>\$ 2,936,147</u>	<u>\$ 2,764,543</u>

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ECUMENICAL HUNGER PROGRAM
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

	Program Services	Management & General	Fundraising	Support Services	Total 2015	Total 2014
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 89,100	\$ 79,210	\$ 773,680	\$ 852,890	\$ 941,990	\$ 924,370
Contributions In-Kind	2,012,402				2,012,402	1,580,499
Foundation Grants	349,444				349,444	208,009
Total Support	2,450,946	79,210	773,680	852,890	3,303,836	2,712,878
REVENUE						
Special Events			129,151	129,151	129,151	140,117
Interest & Dividends		1,181		1,181	1,181	1,032
Other Income		4,765		4,765	4,765	549
Gain or Loss		(7)		(7)	(7)	
Unrealized Gain or Loss		266		266	266	
Total Revenue		6,205	129,151	135,356	135,356	141,698
Total Support & Revenue	2,450,946	85,415	902,831	988,246	3,439,192	2,854,576
EXPENSES						
Salaries	286,387	174,294	70,764	245,058	531,445	426,719
Benefits	59,678	36,320	14,746	51,066	110,744	89,072
Payroll Taxes	26,348	16,035	6,510	22,545	48,893	40,774
Total Salaries & Benefits	372,413	226,649	92,020	318,669	691,082	556,565
Professional Fees	84,612	51,495	20,907	72,402	157,014	150,004
Contributed Services	10,375				10,375	12,547
Supplies	8,781	5,344	2,170	7,514	16,295	14,261
Contributed Supplies	2,002,027				2,002,027	1,567,952
Telephone	5,390	3,281	1,332	4,613	10,003	13,178
Postage & Shipping	1,743	1,061	431	1,492	3,235	12,905
Occupancy	46,330	6,177	9,266	15,443	61,773	63,681
Repairs & Maintenance	3,256	1,981	804	2,785	6,041	455
Building & Grounds	839	510	207	717	1,556	263
Printing & Publications	5,355	3,259	1,323	4,582	9,937	194
Dues & Publications	2,528	1,539	625	2,164	4,692	2,873
Advertising	7,423	4,518	1,834	6,352	13,775	12,373
Fundraising Costs			44,460	44,460	44,460	35,318
Travel & Transportation	9,072	5,521	2,242	7,763	16,835	22,748
Insurance	14,437	2,059	2,887	4,946	19,383	23,318
Miscellaneous		9,610		9,610	9,610	12,880
Depreciation	56,751	7,567	11,350	18,917	75,668	72,928
Program Expense	113,827				113,827	180,331
Total Expense	2,745,159	330,571	191,858	522,429	3,267,588	2,754,774
Increase/(Decrease) in Net Assets	\$ (294,213)	\$ (245,156)	\$ 710,973	\$ 465,817	\$ 171,604	\$ 99,802

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, 2015

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 171,604	\$ 99,802
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	75,668	72,928
(Increase) Decrease in Assets:		
Accounts & Grants Receivable		3,453
Prepaid Expenses	337	(3,880)
(Increase) Decrease in Liabilities:		
Accounts Payable	6,003	(3,498)
Payroll & Related Liabilities	3,484	1,426
Line of Credit	<u> </u>	<u>(217,895)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	257,096	(47,664)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(600,593)	
Property & Equipment	<u>(49,817)</u>	<u>(21,256)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(650,410)	(21,256)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(393,314)</u>	<u>(68,920)</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>887,117</u>	<u>956,037</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 493,803</u>	<u>\$ 887,117</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 2,012,402</u>	<u>\$ 1,580,499</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, 2015

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, 2015

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 in excess of the standard FDIC coverage limit of \$250,000. At June 30, 2015, the Organization has \$29,449 of uninsured cash balances.

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, 2015 was \$3,296 and for the year ended June 30, 2014 was \$2,926.

ECUMENICAL HUNGER PROGRAM
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

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 \$10,375. 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 9,848 volunteer hours for the year ended June 30, 2015 which valued at \$10 per hour would amount to \$98,480. The Organization also received \$2,002,027 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, 2015</u>	<u>June 30, 2014</u>
Buildings	\$ 1,241,828	\$ 1,203,586
Land	768,082	768,082
Warehouse	146,658	142,298
Landscaping	236,250	236,250
Furniture & Equipment	80,755	73,539
Vehicles	<u>83,602</u>	<u>83,602</u>
Fixed Assets, Cost	2,557,175	2,507,357
Less Accumulated Dep.	<u>(696,901)</u>	<u>(621,233)</u>
Fixed Assets, Net	<u>\$ 1,860,274</u>	<u>\$ 1,886,124</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.

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8: DATE OF MANAGERMENTS REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through January 20, 2016, the date that the financial statements were available to be issued.