

ECUMENICAL HUNGER PROGRAM
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ECUMENICAL HUNGER PROGRAM

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INDEPENDENT AUDITORS' REPORT

Morton
& Associates
INCORPORATED
CERTIFIED PUBLIC ACCOUNTANTS
250 Cambridge Avenue, Suite 101
Palo Alto, CA 94306

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, 2009, 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, 2009. 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, 2009 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, 2009 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, 2008, from which the summarized information was derived.

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

November 19, 2009

ECUMENICAL HUNGER PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

	<u>Unrestricted</u>	<u>Total All Funds June 30</u>	
		<u>Total 2009</u>	<u>Total 2008</u>
ASSETS			
Current Assets			
Cash & Equivalents	\$ 609,157	\$ 609,157	\$ 270,112
Investments	2,989	2,989	15,484
Prepaid Expenses	<u>1,440</u>	<u>1,440</u>	<u>1,380</u>
Total Current Assets	<u>613,586</u>	<u>613,586</u>	<u>286,976</u>
Fixed Assets			
Property & Equipment	2,448,669	2,448,669	2,440,551
Less: Accumulated Depreciation	<u>(360,336)</u>	<u>(360,336)</u>	<u>(309,087)</u>
Book Value of Fixed Assets	<u>2,088,333</u>	<u>2,088,333</u>	<u>2,131,464</u>
Total Assets	<u>\$ 2,701,919</u>	<u>\$ 2,701,919</u>	<u>\$ 2,418,440</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 4,100	\$ 4,100	\$ 12,441
Payroll & Related Liabilities	17,767	17,767	9,690
Mortgage Payable	13,607	13,607	12,424
Loan Payable	<u>260,636</u>	<u>260,636</u>	<u>270,390</u>
Total Current Liabilities	<u>296,110</u>	<u>296,110</u>	<u>304,945</u>
Long Term Liabilities			
Mortgage Payable	<u>523,371</u>	<u>523,371</u>	<u>536,978</u>
Total Long Term Liabilities	<u>523,371</u>	<u>523,371</u>	<u>536,978</u>
Total Liabilities	<u>819,481</u>	<u>819,481</u>	<u>841,923</u>
NET ASSETS			
Operating Fund	331,082	331,082	(5,545)
Property & Equipment Fund	<u>1,551,356</u>	<u>1,551,356</u>	<u>1,582,062</u>
Total Net Assets	<u>1,882,438</u>	<u>1,882,438</u>	<u>1,576,517</u>
Total Liabilities & Net Assets	<u>\$ 2,701,919</u>	<u>\$ 2,701,919</u>	<u>\$ 2,418,440</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, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

		Total All Funds June 30	
	<u>Unrestricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
SUPPORT			
Contributions	\$ 761,191	\$ 761,191	\$ 625,029
Contributions In-Kind	1,323,980	1,323,980	1,231,622
Foundation Grants	<u>337,631</u>	<u>337,631</u>	<u>133,940</u>
Total Support	<u>2,422,802</u>	<u>2,422,802</u>	<u>1,990,591</u>
REVENUE			
Interest & Dividends	3,484	3,484	6,448
Rental Income	10,500	10,500	6,625
Other Income	6,259	6,259	7,875
Gain or Loss	<u>4,092</u>	<u>4,092</u>	<u>941</u>
Total Revenue	<u>24,335</u>	<u>24,335</u>	<u>21,889</u>
Total Increases in Net Assets	<u>\$ 2,447,137</u>	<u>\$ 2,447,137</u>	<u>\$ 2,012,480</u>
EXPENSES			
Program Services			
Program Services	<u>\$ 1,825,224</u>	<u>\$ 1,825,224</u>	<u>\$ 1,717,102</u>
Total Program Services	<u>1,825,224</u>	<u>1,825,224</u>	<u>1,717,102</u>
Support Services			
Management & General	211,877	211,877	225,752
Fundraising	<u>104,115</u>	<u>104,115</u>	<u>195,383</u>
Total Support Services	<u>315,992</u>	<u>315,992</u>	<u>421,135</u>
Total Expenses	<u>2,141,216</u>	<u>2,141,216</u>	<u>2,138,237</u>
Net Increase (Decrease) In Assets	305,921	305,921	(125,757)
Net Assets Beginning	<u>1,576,517</u>	<u>1,576,517</u>	<u>1,702,274</u>
Net Assets Ending	<u>\$ 1,882,438</u>	<u>\$ 1,882,438</u>	<u>\$ 1,576,517</u>

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ECUMENICAL HUNGER PROGRAM
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

	Program Services	Management & General	Fundraising	Support Services	Total 2009	Total 2008
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 1,323,980	\$ 92,157	\$ 669,033	\$ 761,191	\$ 761,191	\$ 625,029
Contributions In-Kind	337,631				1,323,980	1,231,622
Foundation Grants	1,661,611	92,157	669,033	761,191	337,631	133,940
Total Support					2,422,802	1,990,591
REVENUE						
Interest & Dividends		3,484		3,484	3,484	6,448
Rental Income		10,500		10,500	10,500	6,625
Other Income		6,259		6,259	6,259	7,875
Gain or Loss		4,092	4,092	4,092	4,092	941
Total Revenue		20,243	4,092	24,335	24,335	21,889
Total Support & Revenue	1,661,611	112,400	673,125	785,526	2,447,137	2,012,480
EXPENSES						
Salaries	151,198	90,214	36,845	127,059	278,257	410,171
Benefits	35,545	21,208	8,662	29,870	65,415	60,723
Payroll Taxes	14,466	8,631	3,525	12,156	26,622	25,895
Total Salaries & Benefits	201,209	120,053	49,032	169,085	370,294	496,789
Professional Fees	74,155	44,245	18,071	62,316	136,471	114,698
Contributed Services	15,732				15,732	12,525
Supplies	3,188	1,902	777	2,679	5,867	4,765
Contributed Supplies	1,308,248				1,308,248	1,219,097
Telephone	6,862	4,094	1,672	5,766	12,628	11,320
Postage & Shipping	3,124	1,864	761	2,625	5,749	360
Occupancy	37,656	5,021	7,531	12,552	50,208	37,347
Repairs & Maintenance	3,338	1,992	813	2,805	6,143	6,331
Building & Grounds	2,481	1,481	605	2,086	4,567	3,580
Printing & Publications	13,509	8,060	3,292	11,352	24,861	28,205
Dues & Publications	109	65	26	91	200	1,296
Advertising	1,446	863	352	1,215	2,661	5,029
Travel & Transportation	9,797	5,846	2,388	8,234	18,031	14,191
Conferences & Meetings		400		400	400	513
Insurance	12,803	1,707	2,561	4,268	17,071	18,839
Miscellaneous		3,461		3,461	3,461	4,486
Interest Expense	42,737	5,698	8,547	14,245	56,982	57,611
Depreciation	38,437	5,125	7,687	12,812	51,249	55,082
Program Expense	50,393				50,393	46,173
Total Expense	1,825,224	211,877	104,115	315,992	2,141,216	2,138,237
Increase(Decrease) in Net Assets	\$ (163,613)	\$ (99,477)	\$ 569,010	\$ 469,534	\$ 305,921	\$ (125,757)

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, 2009

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 305,921	\$ (125,757)
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	51,249	55,082
(Increase) Decrease in Assets:		
Prepaid Expenses	(60)	
(Increase) Decrease in Liabilities:		
Accounts Payable	(8,341)	12,441
Payroll & Related Liabilities	8,078	(15,755)
Line of Credit	<u>(9,754)</u>	<u>(9,996)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	347,093	(83,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	12,495	149,008
Property & Equipment	<u>(8,119)</u>	<u> </u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	4,376	149,008
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage Payable	<u>(12,424)</u>	<u>(11,533)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	<u>(12,424)</u>	<u>(11,533)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>339,045</u>	<u>53,490</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>270,112</u>	<u>216,622</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 609,157</u>	<u>\$ 270,112</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 1,323,980</u>	<u>\$ 1,231,622</u>
Interest Paid	<u>\$ 56,983</u>	<u>\$ 57,610</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, 2009

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, 2009

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 FDIC coverage limit of \$250,000. At June 30, 2009, the Organization's uninsured cash balance totaled approximately \$365,027.

NOTE 4: NOTE PAYABLE

EHP has a Note Payable with Comerica Bank due January 2010 for \$260,636 which bears interest at 6% and requires monthly payments of \$2,161. Annual payments are as follows:

Year	Amount
2009	12,966
Thereafter	247,670
Total	\$ 260,636

ECUMENICAL HUNGER PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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 \$15,732. 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 9,487 volunteer hours for the year ended June 30, 2009 which valued at \$10 per hour would amount to \$94,870. The Organization also received \$1,308,248 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, 2009</u>	<u>June 30, 2008</u>
Buildings	\$ 1,371,668	\$ 1,363,549
Land	600,000	600,000
Warehouse	142,298	142,298
Landscaping	236,250	236,250
Furniture & Equipment	57,124	57,124
Vehicles	41,330	41,330
Fixed Assets, Cost	<u>2,448,670</u>	<u>2,440,551</u>
Less Accumulated Dep.	<u>(360,336)</u>	<u>(309,087)</u>
Fixed Assets, Net	<u>\$ 2,088,334</u>	<u>\$ 2,131,464</u>

NOTE 7: MORTGAGE PAYABLE

A mortgage dated May 13, 2003 and maturing May 13, 2010 is payable to Cordes Lake Family Trust in 84 monthly installments of \$4,433.95 with interest at 7.5%.

Required Annual payments are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 53,207
2010	53,207
Thereafter	<u>430,564</u>
Total	<u>\$ 536,978</u>