

ECUMENICAL HUNGER PROGRAM  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ECUMENICAL HUNGER PROGRAM

TABLE OF CONTENTS

JUNE 30, 2020

	<u>Page</u>
Audited Financial Statements	
Independent Auditors' Report.....	1 - 2
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Revenue and Expense.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 11

## 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, 2020, 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, 2020, 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, 2020 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, 2020 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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

December 15, 2020

ECUMENICAL HUNGER PROGRAM  
STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

		Total All Funds June 30	
	Unrestricted	Total 2020	Total 2019
<b>ASSETS</b>			
Current Assets			
Cash & Equivalents	\$ 3,150,811	\$ 3,150,811	\$ 791,610
Investments	432,666	432,666	410,219
Accounts Receivable			200
Prepaid Expenses	1,380	1,380	1,380
Total Current Assets	3,584,857	3,584,857	1,203,409
Fixed Assets			
Property & Equipment	3,046,941	3,046,941	2,979,936
Less: Accumulated Depreciation	(1,091,747)	(1,091,747)	(1,002,186)
Book Value of Fixed Assets	1,955,194	1,955,194	1,977,750
 Total Assets	 \$ 5,540,051	 \$ 5,540,051	 \$ 3,181,159
 <b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 48,281	\$ 48,281	\$ 25,581
Payroll & Related Liabilities	39,337	39,337	36,675
PPP Loan	182,600	182,600	
Total Liabilities	270,218	270,218	62,256
 <b>NET ASSETS</b>			
Operating Fund	3,314,639	3,314,639	1,141,153
Property & Equipment Fund	1,955,194	1,955,194	1,977,750
Total Net Assets	5,269,833	5,269,833	3,118,903
 Total Liabilities & Net Assets	 \$ 5,540,051	 \$ 5,540,051	 \$ 3,181,159

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, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	<u>Unrestricted</u>	<u>Total All Funds</u> <u>June 30</u>	
		<u>Total</u> <u>2020</u>	<u>Total</u> <u>2019</u>
<b>SUPPORT</b>			
Contributions	\$ 3,060,461	\$ 3,060,461	\$ 1,525,194
Contributions In-Kind	4,109,962	4,109,962	4,373,621
Foundation Grants	<u>704,800</u>	<u>704,800</u>	<u>249,060</u>
Total Support	<u>7,875,223</u>	<u>7,875,223</u>	<u>6,147,875</u>
<b>REVENUE</b>			
Special Events	1,971	1,971	36,417
Interest & Dividends	3,828	3,828	6,045
Other Income	2,273	2,273	
Gain or Loss	<u>(1,223)</u>	<u>(1,223)</u>	
Total Revenue	<u>6,849</u>	<u>6,849</u>	<u>42,462</u>
Total Increases in Net Assets	<u>\$ 7,882,072</u>	<u>\$ 7,882,072</u>	<u>\$ 6,190,337</u>
<b>EXPENSES</b>			
Program Services			
Program Services	<u>\$ 5,290,267</u>	<u>\$ 5,290,267</u>	<u>\$ 5,389,723</u>
Total Program Services	<u>5,290,267</u>	<u>5,290,267</u>	<u>5,389,723</u>
Support Services			
Management & General	263,678	263,678	340,903
Fundraising	<u>177,197</u>	<u>177,197</u>	<u>215,325</u>
Total Support Services	<u>440,875</u>	<u>440,875</u>	<u>556,228</u>
Total Expenses	<u>5,731,142</u>	<u>5,731,142</u>	<u>5,945,951</u>
Net Increase (Decrease) In Assets	2,150,930	2,150,930	244,386
Net Assets Beginning	<u>3,118,903</u>	<u>3,118,903</u>	<u>2,874,517</u>
Net Assets Ending	<u>\$ 5,269,833</u>	<u>\$ 5,269,833</u>	<u>\$ 3,118,903</u>

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, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	Program Services	Management & General	Fundraising	Support Services	Total 2020	Total 2019
<b>SUPPORT &amp; REVENUE</b>						
<b>SUPPORT</b>						
Contributions	\$ 166,504	\$ 376,643	\$ 2,517,314	\$ 2,893,957	\$ 3,060,461	\$ 1,525,194
Contributions In-Kind	4,109,962				4,109,962	4,373,621
Foundation Grants	704,800				704,800	249,060
Total Support	4,981,266	376,643	2,517,314	2,893,957	7,875,223	6,147,875
<b>REVENUE</b>						
Special Events			1,971	1,971	1,971	36,417
Interest & Dividends		3,828		3,828	3,828	6,045
Other Income		2,273		2,273	2,273	
Gain or Loss		(1,223)		(1,223)	(1,223)	
Total Revenue		4,878	1,971	6,849	6,849	42,462
Total Support & Revenue	4,981,266	381,521	2,519,285	2,900,806	7,882,072	6,190,337
<b>EXPENSES</b>						
Salaries	563,131	143,885	92,143	236,028	799,159	759,066
Benefits	102,027	26,069	16,694	42,763	144,790	130,560
Payroll Taxes	46,293	11,828	7,575	19,403	65,696	69,766
Total Salaries & Benefits	711,451	181,782	116,412	298,194	1,009,645	959,392
Professional Fees	101,394	25,907	16,591	42,498	143,892	202,880
Contributed Services						2,289
Supplies	16,323	4,171	2,671	6,842	23,165	12,950
Contributed Supplies	4,109,962				4,109,962	4,371,332
Telephone	5,003	1,278	819	2,097	7,100	16,142
Postage & Shipping	2,819	720	461	1,181	4,000	3,886
Occupancy	27,834	3,711	5,567	9,278	37,112	54,276
Repairs & Maintenance	34,108	8,715	5,581	14,296	48,404	12,012
Printing & Publications	21,929	5,603	3,588	9,191	31,120	16,197
Dues & Publications	3,022	772	494	1,266	4,288	3,724
Advertising	1,052	269	172	441	1,493	3,076
Fundraising Costs	15,735	4,020	3,056	3,056	3,056	33,036
Travel & Transportation	154	39	25	64	218	549
Conferences & Meetings	28,753	3,834	5,751	9,585	38,338	33,720
Insurance		13,901		13,901	13,901	12,921
Miscellaneous	67,171	8,956	13,434	22,390	89,561	90,487
Depreciation	143,557				143,557	96,664
Program Expense	5,290,267	263,678	177,197	440,875	5,731,142	5,945,951
Total Expense	(309,001)	117,843	2,342,088	2,459,931	2,150,930	244,386
Increase/(Decrease) in Net Assets						

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, 2020

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Increase (Decrease) in Net Assets	\$ 2,150,930	\$ 244,386
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	89,561	90,486
(Increase) Decrease in Assets:		
Accounts & Grants Receivable	200	4,539
Prepaid Expenses		9,067
(Increase) Decrease in Liabilities:		
Accounts Payable	22,700	(1,104)
Payroll & Related Liabilities	2,662	1,484
Line of Credit	<u>182,600</u>	<u>          </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	2,448,653	348,858
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments	(22,447)	(5,189)
Property & Equipment	<u>(67,005)</u>	<u>(147,087)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(89,452)	(152,276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,359,201</u>	<u>196,582</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>791,610</u>	<u>595,028</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 3,150,811</u>	<u>\$ 791,610</u>
<b>NON CASH TRANSACTIONS</b>		
Contributed Goods & Services	<u>\$ 4,109,961</u>	<u>\$ 4,373,621</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, 2020

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. The Organization 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, 2020

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 \$3,583,477 of financial assets available to meet cash needs for general expenditures within one year of June 30, 2020. That amount consists of checking account cash of \$3,150,811 plus money market funds of \$432,666. No donor or other contractual restrictions make these amounts unavailable for general expenditure within one year of June 30, 2020.

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, 2020, the Organization's uninsured cash balance totaled approximately \$2,684,233 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, 2020

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, 2020 was \$5,718 and for the year ended June 30, 2019 was \$9,484.

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 no volunteer professional services. Services are usually valued 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 6,225 volunteer hours for the year ended June 30, 2020 which valued at \$10 per hour would amount to \$62,250. The Organization also received \$4,109,961 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:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Buildings	\$ 1,370,126	\$ 1,325,478
Land	768,082	768,082
Improvements	92,119	69,773
Warehouse	233,009	233,009
Landscaping	251,200	251,200
Furniture & Equipment	165,483	165,483
Vehicles	166,922	166,911
Fixed Assets, Cost	<u>3,046,941</u>	<u>2,979,936</u>
Less Accumulated Dep.	<u>(1,091,747)</u>	<u>(1,002,186)</u>
Fixed Assets, Net	<u>\$ 1,955,194</u>	<u>\$ 1,977,750</u>



ECUMENICAL HUNGER PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

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 both the sister-in-law and the daughter of the Executive Director for fund raising services and for program services.

NOTE 9: INVESTMENTS

	June 30, 2020		June 30, 2019	
	Cost	FMV	Cost	FMV
Money Market	\$ 432,666	\$ 432,666	\$ 410,219	\$ 410,219
Total Investments	<u>\$ 432,666</u>	<u>\$ 432,666</u>	<u>\$ 410,219</u>	<u>\$ 410,219</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: PAYCHECK PROTECTION PROGRAM:

On May 7, 2020, the Organization received loan proceeds in the amount of approximately \$182,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty four week period.

The unforgiven portion of the PPP loan is payable at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, assurance can not be given that actions might cause the Organization to be ineligible for forgiveness of the loan, in whole or in part. The PPP proceeds have been recorded as a current liability and will be recognized as income when the PPP loan is forgiven.

ECUMENICAL HUNGER PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11: COVID-19

The World Health Organization has classified the global occurrence of COVID-19 as a pandemic. To contain the spread of the virus, the state of California passed shelter-in-place regulations, mandating social distancing frequently resulted in reduced operations. The full impact of COVID-19 continues to evolve.

The Organization believes it has sufficient liquidity that along with its PPP Loan will enable it to meet operational costs in the short term. However, the situation's uncertainty means that an estimate of the full financial impact cannot be made at this time.

NOTE 12: DATE OF MANagements REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through December 15, 2020, the date that the financial statements were available to be issued.