

**HUNGER TASK FORCE, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(With Summarized Totals for the Year Ended September 30, 2018)**

## HUNGER TASK FORCE, INC.

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## Independent Auditor's Report

Board of Directors  
Hunger Task Force, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Hunger Task Force, Inc. which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 relevant to the Organization'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 Organization'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 Hunger Task Force, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Ritz Holman LLP***

*Serving business, nonprofits, individuals and trusts.*

330 E. Kilbourn Ave., Suite 550  
Milwaukee, WI 53202

t. 414.271.1451  
f. 414.271.7464  
ritzholman.com

Board of Directors  
Hunger Task Force, Inc.

### **Report on Summarized Comparative Information**

We have previously audited Hunger Task Force, Inc.'s September 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of hunger relief fund and DHS cost reimbursement award schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and in accordance with the *State Single Audit Guidelines* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020, on our consideration of Hunger Task Force, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hunger Task Force, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hunger Task Force, Inc.'s internal control over financial reporting and compliance.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
January 15, 2020

**HUNGER TASK FORCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019**  
**(With Summarized Totals for September 30, 2018)**

ASSETS	2019	2018
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,723,967	\$ 2,806,266
Grants Receivable	691,400	414,687
Current Pledges Receivable	620,000	55,113
Accounts Receivable	4,569	3,468
Inventory	374,254	539,118
Inventory - From USDA	1,389,944	1,152,380
Prepaid Expenses	99,640	86,328
Total Current Assets	<u>\$ 6,903,774</u>	<u>\$ 5,057,360</u>
<b>FIXED ASSETS</b>		
Land and Building	\$ 1,299,000	\$ 1,299,000
Office Equipment	225,053	226,380
Warehouse Equipment	2,540,737	1,965,064
Building Improvements	1,819,803	1,740,877
Intangible Assets	61,884	61,884
Total Fixed Assets	<u>\$ 5,946,477</u>	<u>\$ 5,293,205</u>
Less: Accumulated Depreciation and Amortization	<u>(2,922,965)</u>	<u>(2,576,137)</u>
Net Fixed Assets	<u>\$ 3,023,512</u>	<u>\$ 2,717,068</u>
<b>OTHER ASSETS</b>		
Investments	\$ 3,719,620	\$ 3,616,167
Net Long-Term Pledges Receivable	500,000	19,002
Beneficial Interest in Greater Milwaukee Foundation	306,898	306,113
Total Other Assets	<u>\$ 4,526,518</u>	<u>\$ 3,941,282</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 14,453,804</u></u>	<u><u>\$ 11,715,710</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 767,667	\$ 238,579
Accrued Salaries	92,622	69,646
Accrued Vacation	122,382	111,457
Flexible Benefits Payable	6,276	6,114
Refundable Advances	31,993	---
Current Portion of Loan Payable	8,483	9,032
Current Portion of Capital Lease Obligation	114,642	79,499
Total Current Liabilities	<u>\$ 1,144,065</u>	<u>\$ 514,327</u>
<b>NON-CURRENT LIABILITIES</b>		
Loan Payable	\$ 8,483	\$ 17,515
Less: Current Portion of Loan Payable	(8,483)	(9,032)
Capital Lease Obligation	481,090	273,494
Less: Current Portion of Capital Lease	(114,642)	(79,499)
Total Non-Current Liabilities	<u>\$ 366,448</u>	<u>\$ 202,478</u>
Total Liabilities	<u>\$ 1,510,513</u>	<u>\$ 716,805</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 11,098,202	\$ 10,183,247
With Donor Restrictions	1,845,089	815,658
Total Net Assets	<u>\$ 12,943,291</u>	<u>\$ 10,998,905</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 14,453,804</u></u>	<u><u>\$ 11,715,710</u></u>

The accompanying notes are an integral part of these financial statements.

**HUNGER TASK FORCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**  
**(With Summarized Totals for the Year Ended September 30, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUE</b>				
Federal Emergency Management Act Grant	\$ 399,057	\$ ---	\$ 399,057	\$ 423,671
Emergency Food Assistance Program	193,678	---	193,678	205,921
Commodity Supplemental Food Program	674,946	---	674,946	659,104
No Kid Hungry Social Innovation Fund	184,155	---	184,155	164,184
Trade Mitigation Program	224,073	---	224,073	---
Community Development Block Grant	69,293	---	69,293	---
SNAP Outreach	388,037	---	388,037	361,907
SNAP Education	331,755	---	331,755	358,738
National Institute of Food	20,535	---	20,535	43,568
Other Grants	---	---	---	54,747
Donations - Current Year Use	6,417,221	---	6,417,221	5,658,173
Donations - Future Year Use	---	1,348,410	1,348,410	253,822
Hunger Relief Fund	198,588	---	198,588	223,366
Donated Food and Services	2,297,919	---	2,297,919	2,932,954
USDA Food Received	7,049,578	---	7,049,578	4,381,913
Change in Beneficial Interest	1,434	785	2,219	25,329
Net Investment Income	102,249	---	102,249	364,182
In-Kind Revenue	33,025	---	33,025	22,956
Gain (Loss) on Sale of Fixed Assets	(4,311)	---	(4,311)	---
Miscellaneous	7,686	---	7,686	11,676
Net Assets Released from Restrictions	319,764	(319,764)	---	---
Total Revenue	<u>\$ 18,908,682</u>	<u>\$ 1,029,431</u>	<u>\$ 19,938,113</u>	<u>\$ 16,146,211</u>
<b>EXPENSES</b>				
Program Services	\$ 16,763,957	\$ ---	\$ 16,763,957	\$ 14,393,565
Development	832,825	---	832,825	722,833
Management and General	396,945	---	396,945	389,227
Total Expenses	<u>\$ 17,993,727</u>	<u>\$ ---</u>	<u>\$ 17,993,727</u>	<u>\$ 15,505,625</u>
CHANGE IN NET ASSETS	\$ 914,955	\$ 1,029,431	\$ 1,944,386	\$ 640,586
Net Assets, Beginning of Year	<u>10,183,247</u>	<u>815,658</u>	<u>10,998,905</u>	<u>10,358,319</u>
NET ASSETS, END OF YEAR	<u>\$ 11,098,202</u>	<u>\$ 1,845,089</u>	<u>\$ 12,943,291</u>	<u>\$ 10,998,905</u>

The accompanying notes are an integral part of these financial statements.

**HUNGER TASK FORCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**  
**(With Summarized Totals for the Year Ended September 30, 2018)**

	Food Program	Outreach	Advocacy	Development	Management and General	2019 Total	2018 Total
Salaries	\$ 1,740,991	\$ 1,016,578	\$ 341,505	\$ 420,032	\$ 197,534	\$ 3,716,640	\$ 3,391,655
Payroll Taxes	169,428	83,568	33,178	41,002	19,342	346,518	325,770
Retirement Expense	117,249	57,523	22,619	28,768	13,800	239,959	236,219
Employee Benefits	270,430	177,775	52,576	65,922	32,226	598,929	537,400
Food Expenses	600,613	38,351	---	---	---	638,964	573,636
Donated Food and Services	2,322,006	---	---	---	---	2,322,006	2,944,333
USDA Food Distributed	6,812,014	---	---	---	---	6,812,014	4,311,549
Special Event Expense	---	6,429	---	9,108	---	15,537	22,401
Staff Development	5,640	8,118	8,132	7,497	4,963	34,350	14,042
Printing	28,439	59,231	13,142	35,136	812	136,760	187,641
Postage	2,187	7,810	834	40,540	1,029	52,400	53,383
Travel	5,438	13,955	17,660	1,337	2,837	41,227	29,162
Accounting/Audit Fees	6,972	3,371	1,364	1,691	18,650	32,048	29,835
Dues and Subscriptions	30,125	11,044	5,066	37,245	21,544	105,024	97,828
Advertisements	36,825	150,434	2,470	62,750	---	252,479	226,593
Program Supplies and Expense	30,643	486,553	141,685	---	---	658,881	583,515
Office Supplies	5,352	10,017	1,722	1,244	2,761	21,096	9,331
Professional Services	9,059	50,014	8,414	1,415	36,572	105,474	74,142
Maintenance and Supplies	193,804	24,716	5,235	8,943	5,423	238,121	199,276
Occupancy	104,847	46,854	4,295	6,442	1,610	164,048	160,820
Telephone	56,930	30,650	7,773	10,463	6,975	112,791	111,751
Conferences, Conventions and Meetings	720	617	13,002	660	500	15,499	9,522
Insurance	62,204	12,015	6,387	9,300	6,897	96,803	90,664
Volunteer Expenses	23,767	18,832	5,374	5,013	3,540	56,526	39,833
Grants to Others	---	567,415	---	---	---	567,415	651,444
Non-Capitalized Equipment	31,712	6,279	538	1,261	67	39,857	50,115
IT/Hardware	18,532	10,789	1,861	1,276	9,981	42,439	23,211
Depreciation and Amortization	401,020	15,214	4,315	6,354	5,387	432,290	439,970
In-Kind Expense	7,300	24,000	---	1,725	---	33,025	22,956
Miscellaneous	24,479	7,016	916	27,701	4,495	64,607	57,628
Totals	<u>\$ 13,118,726</u>	<u>\$ 2,945,168</u>	<u>\$ 700,063</u>	<u>\$ 832,825</u>	<u>\$ 396,945</u>	<u>\$ 17,993,727</u>	<u>\$ 15,505,625</u>

The accompanying notes are an integral part of these financial statements.

**HUNGER TASK FORCE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**  
**(With Summarized Totals for the Year Ended September 30, 2018)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,944,386	\$ 640,586
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	432,290	439,970
Realized/Unrealized Investment Loss (Gain)	167,817	(174,333)
Loss on Disposal of Fixed Assets	4,311	---
(Increase) Decrease in Grants Receivable	(276,713)	305,319
(Increase) Decrease in Net Pledges Receivable	(1,045,885)	489,866
(Increase) Decrease in Accounts Receivable	(1,101)	8,410
(Increase) Decrease in Inventory	164,864	19,567
(Increase) Decrease in Inventory - From USDA	(237,564)	(70,364)
(Increase) Decrease in Prepaid Expenses	(13,312)	(3,219)
(Increase) Decrease in Beneficial Interest	(785)	(23,922)
Increase (Decrease) in Accounts Payable	529,088	(182,128)
Increase (Decrease) in Refundable Advance	31,993	---
Increase (Decrease) in Accrued Salaries	22,976	4,824
Increase (Decrease) in Accrued Vacation	10,925	(13,808)
Increase (Decrease) in Flexible Benefits Payable	162	196
Net Cash Provided by Operating Activities	<u>\$ 1,733,452</u>	<u>\$ 1,440,964</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	\$ (623,835)	\$ (186,076)
Sale of Investments	352,565	---
Purchase of Fixed Assets	<u>(743,045)</u>	<u>(99,515)</u>
Net Cash Used by Investing Activities	<u>\$ (1,014,315)</u>	<u>\$ (285,591)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Note Payable	\$ (9,032)	\$ (8,723)
Proceeds from Capital Lease	328,076	---
Payments on Capital Leases	<u>(120,480)</u>	<u>(109,875)</u>
Net Cash Provided (Used) by Financing Activities	<u>\$ 198,564</u>	<u>\$ (118,598)</u>
Net Increase in Cash and Cash Equivalents	\$ 917,701	\$ 1,036,775
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,806,266</u>	<u>1,769,491</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,723,967</u></u>	<u><u>\$ 2,806,266</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Donated Stock	\$ 82,762	\$ 94,250
Interest Paid	31,500	20,412
New Fixed Assets Financed by Capital Leases	328,076	---

The accompanying notes are an integral part of these financial statements.



**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Hunger Task Force, Inc. ("HTF") works to prevent hunger and malnutrition by providing food to people in need today and by promoting social policies to achieve food security tomorrow.

**Accounting Method**

The financial statements of HTF have been prepared on the accrual basis of accounting.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**Allowance for Uncollectible Accounts**

Management believes all grants, pledges and accounts receivable will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**Fixed Assets**

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Fixed assets are recorded at cost or at the estimated fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

**Inventory**

Inventory consists of purchased and donated food. Purchased food is valued at the lower of cost or market and donated food is valued at fair value on the date of donation. The specific identification method is used for inventory. The inventory system identifies the inventory with the earliest expiration date to be used first.

**Inventory - From USDA**

Inventory from USDA consists of food allocations by The Emergency Food Assistance Program (TEFAP), The Commodity Supplemental Food Program (CSFP), and the Trade Mitigation Program (TMP). The value of inventory from USDA is based on pricing information provided by USDA. The specific identification method is used for inventory. The inventory system identifies the inventory with the earliest expiration date to be used first.

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Basis of Presentation**

HTF reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Contributions**

All contributions are considered available for HTF's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as donor restricted support and increase net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. When a restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by a donor is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Contributions of donated property are recorded at fair market value on the date of donation.

**Functional Expenses**

HTF allocates costs directly to food, outreach, advocacy, development or management whenever possible. Certain expenses are attributable to one or more programs or supporting functions of the organization. Expenses related specifically to the DC-South Warehouse, such as utilities, cleaning supplies, telephone and snow plowing expenses are allocated based the square footage of the DC-South Warehouse relative to each program it benefits. Expenses related specifically to the office location, such as subscriptions, cleaning and office supplies, and electricity are allocated based on the square footage of the office location relative to each program it benefits. Salaries, insurance, IT expenses, other payroll expenses, and other expenses that effect all staff are allocated based the amount of hours each employee spends relative to each program for a two week period in the spring of each year. Transportation costs such as fuel and truck leases are allocated by the total pounds of food distributed from each program and allocated as such.

**NOTE B - Accounting Change**

The HTF's financial statements changed to adopt the *Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*, effective for years beginning after December 15, 2017. This update is required and makes significant changes in reporting of net asset classes, liquidity and functional expenses. Before the change, net assets had three classifications including unrestricted, temporarily restricted, and permanently restricted. After the change, net assets are considered to be with donor restrictions and without donor restrictions. Before the change, the amount of an endowment considered to be underwater reduced unrestricted net assets. After the change, the amount of an endowment considered to be underwater reduces net assets with donor restrictions. Other new requirements include presenting a statement of functional expenses and footnotes providing information about the functional expenses and liquid financial assets of the HTF.

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE B - Accounting Change (continued)**

HTF applied the change on a retrospective basis within the summarized comparative information for the year ended September 30, 2018. The effect of this change resulted in the net assets that were previously considered to be temporarily restricted net assets now to be considered net assets with donor restrictions as of September 30, 2018 and 2019. The change also resulted in a presentation which includes a statement of functional expenses and functional expense and liquidity footnotes.

**Future Accounting Pronouncements**

*Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)* will be effective for the year ended September 30, 2020. This update is required and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be titled.

*Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* will be effective for the year ended September 30, 2020. The goal of this required update is to help organizations determine reciprocal and nonreciprocal transactions and clarify areas within the codification. The guidance clarifies that an exchange transaction is when the resource provider receives equal value in return for what the resource provider pays. When the general public is the recipient of the service or goods, the transaction is not considered a reciprocal transaction, it is considered a contribution. The guidance also clarifies that a conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome.

*Accounting Standards Update 2016-02, Leases (Topic 842)* will be effective for the year ended September 30, 2022. This update requires the recognition of lease assets and lease liabilities on the statement of financial position for operating leases and requires disclosure of key information about the leasing arrangements.

**NOTE C - Comparative Financial Information**

The financial information shown for 2018 in the accompanying financial statements is included to provide a basis for comparison with 2019. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with HTF's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE D - Liquidity**

HTF maintains its cash reserves in liquid bank accounts. Those assets are available for general expenditures, liabilities and to pay other obligations as they come due. As of September 30, 2019, the Organization had approximately \$4,001,774 in financial assets available for use. The financial assets include cash, cash equivalents and receivable balances, reduced by amounts restricted by donors.

Cash and Cash Equivalents	\$3,723,967
Accounts Receivable	4,569
Grants Receivable	691,400
Current Pledges Receivable	620,000
Less: Amounts Subject to Donor Restrictions	<u>(1,038,192)</u>
Total	<u>\$4,001,744</u>

**NOTE E - Concentration of Credit Risk**

HTF maintains cash balances in banks. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. As of September 30, 2019, the uninsured portion of this balance was \$3,011,987.

**NOTE F - Beneficial Interest in Assets Held by Others**

Generally Accepted Accounting Principles requires that a specified beneficiary recognize its rights to the assets held by a recipient organization unless the donor has explicitly granted the recipient organization variance power. HTF transferred some of its investment portfolio to the Greater Milwaukee Foundation to establish a fund in a prior year. At September 30, 2019, the fund held at the Greater Milwaukee Foundation has a value of \$306,898, which is reported on the statement of financial position as Beneficial Interest in Greater Milwaukee Foundation.

**NOTE G - Fair Value Measurements**

HTF has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, HTF's assets at fair value as of September 30, 2019:

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE G - Fair Value Measurements (continued)**

<u>Investment Category</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
GMF Beneficial Interest	\$ 306,898	\$ ---	\$ ---	\$306,898
Exchange Traded Equity Funds	764,165	764,165	---	---
Bond Funds	781,717	781,717	---	---
Equity Mutual Funds	<u>2,173,738</u>	<u>2,173,738</u>	<u>---</u>	<u>---</u>
Total	<u>\$4,026,518</u>	<u>\$3,719,620</u>	<u>\$ ---</u>	<u>\$306,898</u>

GMF Beneficial Interest includes equities securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by the Greater Milwaukee Foundation which reports on a calendar year.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Fair Value Measurements Using Significant  
Unobservable Inputs (Level 3)

	<u>GMF Investments</u>
Beginning Balance, October 1, 2018	\$306,113
Total gains or losses (realized/unrealized)	588
Purchases, issuances, and settlements	2,498
Fees	(2,301)
Transfers in and/or out of Level 3	<u>---</u>
Ending Balance, September 30, 2019	<u>\$306,898</u>

All assets have been valued using a market approach, except for Level 3 assets. Level 3 assets are valued using the income approach. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. Fair values for assets in Level 3 are calculated using assumptions about discounted cash flow and other present value techniques. There were no changes in the valuations techniques during the current year.

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE H - Grants Receivable**

Grants receivable consists of the following amounts at September 30, 2019:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Health Services	
SNAP-ED	\$125,501
Trade Mitigation Program	124,342
Commodity Supplemental Food Program	118,369
SNAP - OUTREACH	80,139
Temporary Emergency Food Assistance Program	675
Share our Strength, Inc.	42,846
Emergency Food and Shelter Program	<u>199,528</u>
Total	<u>\$691,400</u>

**NOTE I - Pledges Receivable**

Pledges receivable consists of the following amounts at September 30, 2019:

<u>Source</u>	<u>Amount</u>
Foundations	\$1,145,000
Less: Present Value Discount	<u>(25,000)</u>
Total	<u>\$1,120,000</u>

The discount rate used to determine the present value of pledges receivable was 5.0%.

Pledges receivable comprises the following amounts at September 30, 2019:

<u>Account</u>	<u>Amount</u>
Current Pledges Receivable	\$ 620,000
Net Long-Term Pledges Receivable	<u>500,000</u>
Total Pledges Receivable	<u>\$1,120,000</u>

All amounts are expected to be fully collected as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 620,000
2021	<u>525,000</u>
Total	<u>\$1,145,000</u>

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE J - Operating Leases and Maintenance Agreements**

HTF has entered into agreements for use of space or contracted services as follows:

<u>Lease or Agreement</u>	<u>Maturity</u>	<u>Current Year Expense</u>
723 W. Historic Mitchell Street	3/2024	\$39,338
Office Equipment lease	10/2024	1,564
Semi-Tractor Maintenance Agreement	9/2020	2,820
Tractor Lease	10/2021	5,572
Franklin Urban Work Farm Lease	2027	1

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 46,833
2021	47,855
2022	43,123
2023	43,981
2024	<u>22,291</u>
Total	<u>\$204,083</u>

**NOTE K - Intangible Assets**

Net intangible assets of \$61,884 presented on the balance sheet as of September 30, 2019, consists of the following:

<u>Amortized Asset</u>	<u>Gross Value</u>	<u>Accumulated Amortization</u>	<u>Residual Value</u>	<u>Life</u>
Inventory Computer System	\$33,765	\$33,765	\$ ---	3 years
Raiser's Edge Enhancements	6,719	6,719	---	3 years
O-Matic Import Software and License	6,400	6,400	---	3 years
Website	<u>15,000</u>	<u>5,000</u>	<u>10,000</u>	3 years
Total	<u>\$61,884</u>	<u>\$51,884</u>	<u>\$10,000</u>	

Amortization expense was \$5,000 for the year ended September 30, 2019. Future amortization is expected as follows for the year ending September 30:

<u>Year</u>	<u>Amount</u>
2020	\$ 5,000
2021	<u>5,000</u>
Total	<u>\$10,000</u>



**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE L - Loan Payable**

HTF entered into a \$51,298 loan payable for the purchase of a vehicle. The loan has a 72 month term, an interest rate of 3.49% and a monthly payment of \$792. The loan payable balance was \$8,483 at September 30, 2019.

Future minimum payments on the loan are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	<u>\$8,483</u>	<u>\$148</u>	<u>\$8,631</u>
Total	<u>\$8,483</u>	<u>\$148</u>	<u>\$8,631</u>

**NOTE M - Capital Lease**

HTF has capital lease obligations for six freight trucks and five copiers. The cost of \$765,020 is included in fixed assets. Total accumulated depreciation for the leased assets amounts to \$291,827 at September 30, 2019.

The items are depreciated over the life of the leases. Amortization of the capital leases of \$111,622 is included in depreciation expense for the year ended September 30, 2019.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$114,642	\$31,910	\$146,552
2021	113,275	24,677	137,952
2022	108,323	16,413	124,736
2023	87,524	7,947	95,471
2024	51,947	883	52,830
Thereafter	<u>5,379</u>	<u>6</u>	<u>5,385</u>
Total	<u>\$481,090</u>	<u>\$81,836</u>	<u>\$562,926</u>

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE N - Net Assets With Donor Restrictions**

HTF has net assets with donor restrictions that are time, time and purpose, and purpose restricted. The table below summarizes the totals for each type:

<u>Time Restricted</u>	
Fiscal Year Ended September 30, 2020	\$ 45,000
Total Time	\$ 45,000
<u>Time and Purpose</u>	
Farm	\$ 995,000
Turkey Ticker	25,750
Phone Bank	20,000
Food for Families	87,056
MyPlate Program	58,907
Child Nutrition	50,000
Total Time and Purpose	\$1,236,713
<u>Purpose</u>	
Hunger Relief Fund	\$ 41,458
Beneficial Interest	306,898
Farm	125,379
Holiday Cards	12,250
Strike Out Hunger	75,000
Amani Neighborhood	391
Other Purpose	2,000
Total Purpose	\$ 563,376
Total Net Assets With Donor Restrictions	\$1,845,089

**NOTE O - Donated Food and Services**

HTF records donated food and services at fair market value on the date of the donation. Food is valued based on food studies. This amount is included in both revenue and expenses. HTF received \$9,347,497 of donated food for the fiscal year ended September 30, 2019.

**NOTE P - In-Kind Revenue**

During the year ended September 30, 2019, HTF received \$1,725 of donated printing services, \$3,300 of donated tools, a \$4,000 compost tea machine, and \$24,000 of donated milk vouchers.

**HUNGER TASK FORCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE Q - Hunger Relief Fund**

HTF administers the Hunger Relief Fund of Wisconsin. Hunger Relief Fund does not charge fees of any kind to its participants.

**NOTE R - Retirement Savings Plan**

HTF has an employee retirement savings plan in which all employees are eligible to receive a matching employer contribution to the plan. The matching contribution from HTF was 100% of the employee contribution up to a limit of 5% of an employee's gross wages. In addition, HTF made a discretionary contribution. Total retirement savings plan contributions for the fiscal year ended September 30, 2019, were \$239,959.

**NOTE S - Advertising Costs**

HTF uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the year ended September 30, 2019, was \$252,479.

**NOTE T - Produce Harvested on Farm**

HTF operates a farm in Franklin, Wisconsin, under a long-term lease agreement with Milwaukee County. The value of produce harvested for the year ended September 30, 2019, amounted to \$656,114. This amount is not reflected in the financial statements.

**NOTE U - Refundable Advance**

HTF was awarded a Park Matching Fund grant for the amount of \$31,993 to support barn and silo renovations for the farm in the Franklin, WI. The project is to begin in the spring of 2020. Once the project is completed, HTF is required to submit documentation of final project costs. If project costs are less than \$63,986, HTF is obligated to return any funds that exceed the dollar-for-dollar match.

**NOTE V - Income Taxes**

HTF is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions taken in previous fiscal years and those expected to be taken in future fiscal years. As of September 30, 2019, HTF had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. HTF does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE W - Subsequent Events**

Subsequent events were evaluated events occurring after September 30, 2019 through January 15, 2020, which is the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. HTF has determined that no subsequent events need to be disclosed.

**HUNGER TASK FORCE, INC.  
SCHEDULE OF HUNGER RELIEF FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

BALANCE, BEGINNING OF YEAR		\$	40,989
REVENUE			
City of Milwaukee	\$	30,144	
Milwaukee County		10,453	
State Employees Combined Campaign		97,348	
Milwaukee Area Technical College		11,490	
Milwaukee Public Schools		18,571	
Other		30,582	
Total Revenue			198,588
EXPENSES			
Payments			
HTF Designations	\$	27,273	
Payments to Other Organizations		172,349	
Total Expenses			199,622
BALANCE, END OF YEAR		\$	39,955

**HUNGER TASK FORCE, INC.**  
**DHS COST REIMBURSEMENT AWARD SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

GRANT	TEFAP-HTFM	CSFP	SNAP Nutrition	SNAP Outreach	TMP	
DHS Identification Number	70011	154780	154661	445406	192WI056Y8105	
AWARD AMOUNT	\$ 193,678	\$ 674,946	\$ 331,755	\$ 338,037	\$ 224,073	
AWARD PERIOD	<u>10/1/18-9/30/19</u>	<u>10/1/18-9/30/19</u>	<u>10/1/18-9/30/19</u>	<u>10/1/18-9/30/19</u>	<u>10/1/18-9/30/19</u>	<u>Total</u>
EXPENDITURES REPORTED TO DHS FOR PAYMENT						
Payment from DHS	\$ 193,678	\$ 674,946	\$ 331,755	\$ 388,037	\$ 224,073	\$ 1,812,489
Match	---	---	---	388,037	---	388,037
Total Expenditures Reported to DHS	<u>\$ 193,678</u>	<u>\$ 674,946</u>	<u>\$ 331,755</u>	<u>\$ 776,074</u>	<u>\$ 224,073</u>	<u>\$ 2,200,526</u>
TOTAL ALLOWABLE COSTS OF AWARD						
Salaries and Wages	\$ 164,255	\$ 434,791	\$ 181,185	\$ 654,890	\$ 66,165	\$ 1,501,286
Program Supplies	---	134,210	45,081	---	126,044	305,335
Agency Operations	29,423	105,945	---	---	24,512	159,880
Translation and Design	---	---	18,685	---	---	18,685
Paid Educational Media	---	---	69,836	---	---	69,836
Copying/ Printing	---	---	15,616	12,854	2,198	30,668
Internet/Telephone	---	---	---	23,795	---	23,795
Equipment	---	---	---	16,155	---	16,155
Capitalized Equipment	---	---	---	---	5,154	5,154
Supplies	---	---	---	5,197	---	5,197
Building/Space	---	---	---	39,338	---	39,338
Other	---	---	---	18,693	---	18,693
Travel	---	---	1,352	5,152	---	6,504
Total Allowable Costs of Award	<u>\$ 193,678</u>	<u>\$ 674,946</u>	<u>\$ 331,755</u>	<u>\$ 776,074</u>	<u>\$ 224,073</u>	<u>\$ 2,200,526</u>
Expenditures Reported Less Allowable Costs	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**HUNGER TASK FORCE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Federal Grantor/ State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal/State CFDA Program Number	Pass-Through Entity Identifying Number	Expenditures	Subrecipients
<b>FEDERAL ASSISTANCE</b>				
The United States Department of Agriculture, Food and Nutrition Services				
Wisconsin Department of Health Services				
Trade Mitigation Program Eligible Recipient Agency				
Operational Funds	10.178	192WI056Y8105	\$ 224,073	
Direct Federal Funding				
Food Insecurity Incentive Grants Program	10.331		\$ 20,535	
Wisconsin Department of Health Services				
State Administrative Matching Grants for the Supplemental	10.561	445406	\$ 388,037	
Nutrition Assistance Program	10.561	154661	331,755	
State Administrative Matching Grants for the Supplemental			\$ 719,792	
Nutrition Assistance Program				
Total CFDA 10.561/SNAP Cluster				
Wisconsin Department of Health Services				
Commodity Supplemental Food Program	10.565	154780	\$ 674,946	
Commodity Supplemental Food Program (Food Commodities)	10.565		2,558,254	\$ 2,413,216
Total CFDA 10.565			\$ 3,233,200	\$ 2,413,216
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Administrative Costs)	10.568	70011	193,678	
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Food Commodities)	10.569		4,491,324	4,398,078
Total Food Distribution Cluster			\$ 7,918,202	\$ 6,811,294
Total United States Department of Agriculture, Food and Nutrition Services			\$ 8,882,602	
The United States Department of Housing and Urban Development				
Milwaukee County				
Community Development Block Grants/Entitlement Grants Cluster	14.218		\$ 69,293	
Corporation for National and Community Service				
Share Our Strength				
Social Innovation Fund	94.019	1451HD6002	\$ 184,155	
The United States Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024		\$ 399,057	395,066
TOTAL FEDERAL EXPENDITURES			\$ 9,535,107	\$ 7,206,360

The accompanying notes are an integral part of this schedule.

**HUNGER TASK FORCE, INC.**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Hunger Task Force, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Organization has not elected to use the 10% de minimus cost rate. The Organization allocates indirect costs based on direct salaries.

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors  
Hunger Task Force, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hunger Task Force, Inc., which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated January 15, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hunger Task Force, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hunger Task Force, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hunger Task Force, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hunger Task Force, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Ritz Holman LLP". The signature is written in a cursive, flowing style.

RITZ-HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
January 15, 2020

Report on Compliance for Each Major Federal Program and Report on  
Internal Control Over Compliance Required by the *Uniform Guidance*

Independent Auditor's Report

To the Board of Directors of  
Hunger Task Force, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Hunger Task Force, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Hunger Task Force, Inc.'s major federal programs for the year ended September 30, 2019. Hunger Task Force, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hunger Task Force, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hunger Task Force, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hunger Task Force, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Hunger Task Force, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

To the Board of Directors of  
Hunger Task Force, Inc.  
Page Two

## **Report on Internal Control Over Compliance**

Management of Hunger Task Force, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hunger Task Force, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hunger Task Force, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
January 15, 2020

Report on Compliance for Each Major State Program and Report on  
Internal Control Over Compliance Required by the *State Single Audit Guidelines*

Independent Auditor's Report

To the Board of Directors of  
Hunger Task Force, Inc.

**Report on Compliance for Each Major State Program**

We have audited Hunger Task Force, Inc.'s compliance with the types of compliance requirements described in the *State Single Audit Guidelines* that could have a direct and material effect on each of Hunger Task Force, Inc.'s major state programs for the year ended September 30, 2019. Hunger Task Force, Inc.'s major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hunger Task Force, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Hunger Task Force, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Hunger Task Force, Inc.'s compliance.

***Opinion on Each Major State Program***

In our opinion, Hunger Task Force, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2019.

To the Board of Directors of  
Hunger Task Force, Inc.  
Page Two

## Report on Internal Control Over Compliance

Management of Hunger Task Force, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hunger Task Force, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hunger Task Force, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
January 15, 2020

**HUNGER TASK FORCE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? No

Identification of major programs:

Food Distribution Cluster including CFDA# 10.565, 10.568, 10.569  
Trade Mitigation Program Eligible Recipient Agency Operational Funds CFDA #10.178

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**State Awards**

Internal control over major programs:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

**HUNGER TASK FORCE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)**

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines? No

Identification of major state programs, not included under federal programs

None noted

Dollar threshold used to distinguish between Type A and Type B programs under the State Single Audit Guidelines:

Type A - \$250,000  
Type B - \$62,500

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No matters were reported

**SECTION V - OTHER ISSUES**

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with applicable *State Single Audit Guidelines*?

Department of Children and Families	N/A
Department of Health Services	No
Department of Workforce Development	N/A

**HUNGER TASK FORCE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**SECTION V - OTHER ISSUES (continued)**

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?

No

4. Name and signature of partner

  
Diana Luttmann

5. Date of report

January 15, 2020