

HUNGER TASK FORCE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With Summarized Totals for the Year Ended September 30, 2019)

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, 2020, 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, 2020, 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.

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Board of Directors
Hunger Task Force, Inc.

Report on Summarized Comparative Information

We have previously audited Hunger Task Force, Inc.'s September 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2020. 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 20, 2021, 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 20, 2021

HUNGER TASK FORCE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020
(With Summarized Totals for September 30, 2019)

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,599,175	\$ 3,723,967
Grants Receivable	3,353,273	691,400
Current Pledges Receivable	815,000	620,000
Accounts Receivable	8,750	4,569
Inventory	1,380,879	374,254
Inventory - From USDA	3,161,337	1,389,944
Prepaid Expenses	119,424	99,640
Total Current Assets	<u>\$ 16,437,838</u>	<u>\$ 6,903,774</u>
FIXED ASSETS		
Land and Building	\$ 1,299,000	\$ 1,299,000
Office Equipment	225,053	225,053
Warehouse Equipment	2,887,816	2,540,737
Building Improvements	1,962,000	1,819,803
Intangible Assets	61,884	61,884
Total Fixed Assets	<u>\$ 6,435,753</u>	<u>\$ 5,946,477</u>
Less: Accumulated Depreciation and Amortization	<u>(3,378,636)</u>	<u>(2,922,965)</u>
Net Fixed Assets	<u>\$ 3,057,117</u>	<u>\$ 3,023,512</u>
OTHER ASSETS		
Investments	\$ 4,165,870	\$ 3,719,620
Net Long-Term Pledges Receivable	266,344	500,000
Deposits	25,000	---
Beneficial Interest in Greater Milwaukee Foundation	334,262	306,898
Total Other Assets	<u>\$ 4,791,476</u>	<u>\$ 4,526,518</u>
TOTAL ASSETS	<u><u>\$ 24,286,431</u></u>	<u><u>\$ 14,453,804</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,571,856	\$ 767,667
Accrued Salaries	197,715	92,622
Accrued Vacation	157,521	122,382
Flexible Benefits Payable	12,896	6,276
Refundable Advances	---	31,993
Current Portion of Loan Payable	---	8,483
Current Portion of Capital Lease Obligation	135,248	114,642
Total Current Liabilities	<u>\$ 2,075,236</u>	<u>\$ 1,144,065</u>
NON-CURRENT LIABILITIES		
Capital Lease Obligation	\$ 491,919	\$ 481,090
Less: Current Portion of Capital Lease	<u>(135,248)</u>	<u>(114,642)</u>
Total Non-Current Liabilities	<u>\$ 356,671</u>	<u>\$ 366,448</u>
Total Liabilities	<u>\$ 2,431,907</u>	<u>\$ 1,510,513</u>
NET ASSETS		
Without Donor Restrictions	\$ 19,544,702	\$ 11,098,202
With Donor Restrictions	2,309,822	1,845,089
Total Net Assets	<u>\$ 21,854,524</u>	<u>\$ 12,943,291</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 24,286,431</u></u>	<u><u>\$ 14,453,804</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, 2020
(With Summarized Totals for the Year Ended September 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE				
Federal Emergency Management Act Grant	\$ 927,546	\$ ---	\$ 927,546	\$ 399,057
Emergency Food Assistance Program	1,012,291	---	1,012,291	193,678
Commodity Supplemental Food Program	647,096	---	647,096	674,946
Wisconsin Food Security and Products	1,712,719	---	1,712,719	---
No Kid Hungry Social Innovation Fund	---	---	---	184,155
Trade Mitigation Program	---	---	---	224,073
Community Development Block Grant	95,473	---	95,473	69,293
Milwaukee County	8,000	---	8,000	---
SNAP Outreach	416,212	---	416,212	388,037
SNAP Education	338,390	---	338,390	331,755
National Institute of Food	7,560	---	7,560	20,535
Other Grants	31,993	---	31,993	---
Donations - Current Year Use	13,396,781	---	13,396,781	6,417,221
Donations - Future Year Use	---	1,378,633	1,378,633	1,348,410
Hunger Relief Fund	208,877	---	208,877	198,588
Donated Food and Services	2,020,501	---	2,020,501	2,297,919
USDA Food Received	11,382,255	---	11,382,255	7,049,578
Change in Beneficial Interest	1,567	27,364	28,931	2,219
Net Investment Income	486,696	---	486,696	102,249
In-Kind Revenue	17,838	---	17,838	33,025
Gain (Loss) on Sale of Fixed Assets	(812)	---	(812)	(4,311)
Miscellaneous	12,246	---	12,246	7,686
Net Assets Released from Restrictions	941,264	(941,264)	---	---
Total Revenue	<u>\$ 33,664,493</u>	<u>\$ 464,733</u>	<u>\$ 34,129,226</u>	<u>\$ 19,938,113</u>
EXPENSES				
Program Services	\$ 23,717,551	\$ ---	\$ 23,717,551	\$ 16,763,957
Development	993,733	---	993,733	832,825
Management and General	506,709	---	506,709	396,945
Total Expenses	<u>\$ 25,217,993</u>	<u>\$ ---</u>	<u>\$ 25,217,993</u>	<u>\$ 17,993,727</u>
CHANGE IN NET ASSETS	\$ 8,446,500	\$ 464,733	\$ 8,911,233	\$ 1,944,386
Net Assets, Beginning of Year	<u>11,098,202</u>	<u>1,845,089</u>	<u>12,943,291</u>	<u>10,998,905</u>
NET ASSETS, END OF YEAR	<u>\$ 19,544,702</u>	<u>\$ 2,309,822</u>	<u>\$ 21,854,524</u>	<u>\$ 12,943,291</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, 2020
(With Summarized Totals for the Year Ended September 30, 2019)

	Food Program	Outreach	Advocacy	Development	Management and General	2020 Total	2019 Total
Salaries	\$ 2,116,209	\$ 975,524	\$ 448,207	\$ 467,981	\$ 203,142	\$ 4,211,063	\$ 3,716,640
Payroll Taxes	192,089	83,555	41,116	42,930	18,215	377,905	346,518
Retirement Expense	138,362	60,185	29,616	30,923	13,121	272,207	239,959
Employee Benefits	336,380	152,159	71,404	74,833	32,046	666,822	598,929
Food Expenses	2,853,747	411,657	---	---	---	3,265,404	638,964
Donated Food and Services	2,195,229	---	---	---	---	2,195,229	2,322,006
USDA Food Distributed	9,610,863	---	---	---	---	9,610,863	6,812,014
Special Event Expense	881	7,342	---	13,908	---	22,131	15,537
Staff Development	3,220	5,512	1,172	3,676	2,438	16,018	34,350
Printing	47,850	96,715	1,727	37,659	539	184,490	136,760
Postage	1,398	7,808	307	39,023	1,603	50,139	52,400
Travel	4,234	25,832	6,518	665	2,358	39,607	41,227
Accounting/Audit Fees	---	---	---	---	34,666	34,666	32,048
Dues and Subscriptions	47,770	14,368	4,277	42,234	18,176	126,825	105,024
Advertisements	33,750	170,423	---	83,625	---	287,798	252,479
Program Supplies and Expense	81,135	744,534	21,593	400	---	847,662	658,881
Office Supplies	4,246	8,530	487	1,043	4,009	18,315	21,096
Professional Services	12,905	40,055	7,576	3,787	27,092	91,415	105,474
Maintenance and Supplies	268,732	20,242	4,799	7,517	2,424	303,714	238,121
Occupancy	122,635	48,883	4,452	6,678	1,669	184,317	164,048
Telephone	69,349	36,393	10,515	12,039	5,041	133,337	112,791
Conferences, Conventions and Meetings	---	384	935	425	---	1,744	15,499
Insurance	71,817	13,776	7,578	10,536	6,991	110,698	96,803
Volunteer Expenses	58,323	82,106	5,004	9,431	58,263	213,127	56,526
Grants to Others	---	1,134,453	---	---	---	1,134,453	567,415
Non-Capitalized Equipment	85,842	7,448	355	1,896	5,179	100,720	39,857
IT/Hardware	18,077	20,000	9,446	7,772	36,136	91,431	42,439
Depreciation and Amortization	442,438	14,790	4,891	7,089	5,535	474,743	432,290
In-Kind Expense	---	---	---	---	17,838	17,838	33,025
Miscellaneous	22,965	11,355	1,101	87,663	10,228	133,312	64,607
TOTALS	\$ 18,840,446	\$ 4,194,029	\$ 683,076	\$ 993,733	\$ 506,709	\$ 25,217,993	\$ 17,993,727

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, 2020
(With Summarized Totals for the Year Ended September 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,911,233	\$ 1,944,386
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	474,743	432,290
Realized/Unrealized Investment (Gain) Loss	(221,608)	167,817
Loss on Disposal of Fixed Assets	812	4,311
(Increase) Decrease in Grants Receivable	(2,661,873)	(276,713)
(Increase) Decrease in Net Pledges Receivable	38,656	(1,045,885)
(Increase) Decrease in Accounts Receivable	(4,181)	(1,101)
(Increase) Decrease in Inventory	(1,006,625)	164,864
(Increase) Decrease in Inventory - From USDA	(1,771,393)	(237,564)
(Increase) Decrease in Prepaid Expenses	(19,784)	(13,312)
(Increase) Decrease in Beneficial Interest	(27,364)	(785)
(Increase) Decrease in Deposits	(25,000)	---
Increase (Decrease) in Accounts Payable	804,189	529,088
Increase (Decrease) in Refundable Advance	(31,993)	31,993
Increase (Decrease) in Accrued Salaries	105,093	22,976
Increase (Decrease) in Accrued Vacation	35,139	10,925
Increase (Decrease) in Flexible Benefits Payable	6,620	162
Net Cash Provided by Operating Activities	<u>\$ 4,606,664</u>	<u>\$ 1,733,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (230,692)	\$ (623,835)
Sale of Investments	6,050	352,565
Purchase of Fixed Assets	<u>(509,160)</u>	<u>(743,045)</u>
Net Cash Used by Investing Activities	<u>\$ (733,802)</u>	<u>\$ (1,014,315)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	\$ (8,483)	\$ (9,032)
Proceeds from Capital Lease	143,887	328,076
Payments on Capital Leases	<u>(133,058)</u>	<u>(120,480)</u>
Net Cash Provided by Financing Activities	<u>\$ 2,346</u>	<u>\$ 198,564</u>
Net Increase in Cash and Cash Equivalents	\$ 3,875,208	\$ 917,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,723,967</u>	<u>2,806,266</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,599,175</u></u>	<u><u>\$ 3,723,967</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 1,219,014	\$ 82,762
Interest Paid	37,240	31,500
New Fixed Assets Financed by Capital Leases	143,887	328,076

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

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020

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 and Grant Revenue

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, 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. Conditional contributions are not recognized as revenue until they become unconditional. 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 if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

Government Grants and Contract Revenue

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE A - Summary of Significant Accounting Policies (continued)

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 Organization's financial statements have changed to adopt the *Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended September 30, 2020. The updates are required and establish 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 entitled.

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* effective for the year ended September 30, 2020. This update is required. The goal of this update is to help organizations determine reciprocal and nonreciprocal transactions. 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 if the barrier is not overcome.

The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of October 1, 2019. Results for reporting periods beginning after October 1, 2019 are presented under Topic 606 while prior period amounts are not adjusted and continue to be reported in accordance with legacy generally accepted accounting principles.

The adoption of this new standard did not result in a material impact to the Organization's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require cumulative effect adjustment to net assets at the date of adoption under the modified retrospective method.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE B - Accounting Change (continued)

Future Accounting Pronouncements

Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20) will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively and impacts the effective yield and of an existing individual callable debt security.

Accounting Standards Update 2016-02, Leases (Topic 842) will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

NOTE C - Comparative Financial Information

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020. 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, 2019, from which the summarized information was derived.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE D - Liquidity

HTF's operations are funded through government grants and donations from the public. 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, 2020, the Organization had approximately \$9,506,876 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	\$ 7,599,175
Grants Receivable	3,353,273
Current Pledges Receivable	815,000
Accounts Receivable	8,750
Less: Amounts Subject to Donor Restrictions	<u>(2,269,322)</u>
Total	<u>\$ 9,506,876</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, 2020, the uninsured portion of this balance was \$7,145,840.

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, 2020, the fund held at the Greater Milwaukee Foundation has a value of \$334,262, 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.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE G - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, HTF's assets at fair value as of September 30, 2020:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
GMF Beneficial Interest	\$ 334,262	\$ ---	\$ ---	\$334,262
Exchange Traded Equity Funds	840,922	840,922	---	---
Bond Funds	825,356	825,356	---	---
Equity Mutual Funds	<u>2,499,592</u>	<u>2,499,592</u>	<u>---</u>	<u>---</u>
Total	<u>\$4,500,132</u>	<u>\$4,165,870</u>	<u>\$ ---</u>	<u>\$334,262</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, 2019	\$306,898
Total gains or losses (realized/unrealized)	28,930
Fees	(1,566)
Transfers in and/or out of Level 3	<u>---</u>
Ending Balance, September 30, 2020	<u>\$334,262</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, 2020

NOTE H - Grants Receivable

Grants receivable consists of the following amounts at September 30, 2020:

<u>Source</u>	<u>Amount</u>
WI Dept. of Agriculture, Trade, and Consumer Protection	
WI Food Products	\$1,516,115
Food Security Initiative	118,514
Wisconsin Department of Health Services	
Temporary Emergency Food Assistance Program	504,051
SNAP - ED	141,902
Commodity Supplemental Food Program	114,530
SNAP - OUTREACH	60,618
Farm to Food Bank	98,449
Emergency Food and Shelter Program	736,356
City of Milwaukee Community Development Block Grant	50,907
Milwaukee County COVID	8,000
Fresh and Local Markets	<u>3,831</u>
Total	<u>\$3,353,273</u>

NOTE I - Pledges Receivable

Pledges receivable consists of the following amounts at September 30, 2020:

<u>Source</u>	<u>Amount</u>
Foundations	\$1,090,000
Less: Present Value Discount	<u>(8,656)</u>
Total	<u>\$1,081,344</u>

The discount rate used to determine the present value of pledges receivable was 3.25%.

Pledges receivable comprises the following amounts at September 30, 2020:

<u>Account</u>	<u>Amount</u>
Current Pledges Receivable	\$ 815,000
Net Long-Term Pledges Receivable	<u>266,344</u>
Total Pledges Receivable	<u>\$1,081,344</u>

All amounts are expected to be fully collected as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 815,000
2022	<u>275,000</u>
Total	<u>\$1,090,000</u>

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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	3/2021	\$41,192
1670 Miller Park Way	9/2020	23,123
Office Equipment lease	10/2024	1,993
Semi-Tractor Maintenance Agreement	9/2020	2,820
Tractor Lease	10/2021	5,572
Truck Lease	2/2023	---
Franklin Urban Work Farm Lease	2027	1

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 70,898
2022	66,167
2023	54,670
2024	24,155
2025	<u>1,863</u>
Total	<u>\$217,753</u>

NOTE K - Intangible Assets

Net intangible assets of \$61,884 presented on the balance sheet as of September 30, 2020, 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>10,000</u>	<u>5,000</u>	3 years
Total	<u>\$61,884</u>	<u>\$56,884</u>	<u>\$5,000</u>	

Amortization expense was \$5,000 for the year ended September 30, 2020. Future amortization is expected as follows for the year ending September 30:

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

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE L - Capital Lease

HTF has capital lease obligations for six freight trucks and five copiers. The cost of \$899,584 is included in fixed assets. Total accumulated depreciation for the leased assets amounts to \$413,732 at September 30, 2020.

The items are depreciated over the life of the leases. Amortization of the capital leases of \$131,743 is included in depreciation expense for the year ended September 30, 2020.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$135,248	\$25,804	\$161,052
2022	130,511	17,325	147,836
2023	109,930	8,641	118,571
2024	74,573	1,356	75,929
2025	28,226	259	28,485
Thereafter	<u>13,431</u>	<u>44</u>	<u>13,475</u>
Total	<u>\$491,919</u>	<u>\$53,429</u>	<u>\$545,348</u>

NOTE M - 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, 2021	<u>\$ 40,500</u>
Total Time	<u>\$ 40,500</u>
<u>Time and Purpose</u>	
Farm	\$ 549,213
Turkey Ticker	27,500
Mobile Market	492,130
Food for Families	84,114
Child Nutrition	<u>25,000</u>
Total Time and Purpose	<u>\$1,177,957</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE M - Net Assets With Donor Restrictions (continued)

<u>Purpose</u>	
Hunger Relief Fund	\$ 44,302
Beneficial Interest	334,262
Farm	73,203
Mobile Market	118,266
Holiday Cards	8,770
HR Fed Equipment	500,000
Field Trips	5,000
Food	4,115
Other Purpose	<u>3,447</u>
 Total Purpose	 <u>\$1,091,365</u>
 Total Net Assets With Donor Restrictions	 <u>\$2,309,822</u>

NOTE N - Conditional Contributions

The Organization has a contract with the government which includes specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of September 30, 2020, the Organization has available grant funds of \$11,231,955, available for its Outreach program, which are available through December 30, 2020. In addition, the Organization has \$268,745 available for the Outreach program through August 31, 2023.

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 \$13,402,756 of donated food for the fiscal year ended September 30, 2020.

NOTE P - In-Kind Revenue

During the year ended September 30, 2020, HTF received \$1,725 of donated printing services, \$4,013 of donated tools, a \$12,000 dry trailer, and \$100 of donated milk vouchers.

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, 2020, were \$272,207.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020, was \$287,798.

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, 2020, amounted to \$892,489. This amount is not reflected in the financial statements.

NOTE U - 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, 2020, 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 V - Subsequent Events

Subsequent events were evaluated events occurring after September 30, 2020, through January 20, 2021, 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 the following subsequent event needs to be disclosed.

The Organization purchased a building for \$6,700,000 with a mortgage of \$5,025,000 on December 9, 2020.

**HUNGER TASK FORCE, INC.
SCHEDULE OF HUNGER RELIEF FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

BALANCE, BEGINNING OF YEAR		\$	39,955
REVENUE			
City of Milwaukee	\$	31,416	
Milwaukee County		7,522	
State Employees Combined Campaign		101,670	
Milwaukee Area Technical College		9,765	
Milwaukee Public Schools		18,525	
Other		39,980	
Total Revenue			208,878
EXPENSES			
Payments			
HTF Designations	\$	21,663	
Payments to Other Organizations		184,485	
Total Expenses			206,148
BALANCE, END OF YEAR		\$	42,685

HUNGER TASK FORCE, INC.
DHS COST REIMBURSEMENT AWARD SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

GRANT	TEFAP-HTFM	TEFAP Farm to Food Bank	CSFP	SNAP Nutrition	SNAP Outreach	
DHS Identification Number	70011	435100-G20-TEFAP-00	154780	154661	445406	
AWARD AMOUNT	\$ 912,668	\$ 98,723	\$ 647,096	\$ 338,390	\$ 416,211	
AWARD PERIOD	10/1/19-9/30/20	10/1/2019-9/30/2020	10/1/19-9/30/20	10/1/19-9/30/20	10/1/19-9/30/20	Total
EXPENDITURES REPORTED TO DHS FOR PAYMENT						
Payment from DHS	\$ 912,668	\$ 98,449	\$ 647,096	\$ 338,390	\$ 416,211	\$ 2,412,814
Match	---	---	---	---	416,211	416,211
Total Expenditures Reported to DHS	\$ 912,668	\$ 98,449	\$ 647,096	\$ 338,390	\$ 832,422	\$ 2,829,025
TOTAL ALLOWABLE COSTS OF AWARD						
Salaries and Wages	\$ 392,366	\$ ---	\$ 392,025	\$ 189,965	\$ 677,907	\$ 1,652,263
Retirement	46,086	---	---	---	---	46,086
Employee Benefits	19,896	---	---	---	---	19,896
Payroll Taxes	26,624	---	---	---	---	26,624
Food Expenses	182,540	98,449	178,133	---	---	459,122
Staff Development	191	---	356	1,160	---	1,707
Printing	1,443	---	2,177	46,256	5,483	55,359
Postage	---	---	---	---	29	29
Travel	---	---	2,857	---	3,390	6,247
Accounting/Audit Fees	1,162	---	1,221	---	---	2,383
Dues and Subscriptions	1,147	---	3,375	---	3,919	8,441
Advertisement	---	---	---	50,978	---	50,978
Program Supplies and Expenses	174,237	---	22,661	50,031	---	246,929
Office Supplies	---	---	506	---	2,584	3,090
Professional Expenses	1,466	---	1,512	---	12,243	15,221
Maintenance and Supplies	25,045	---	19,316	---	133	44,494
Occupancy	32,206	---	10,294	---	41,192	83,692
Telephone	5,253	---	5,853	---	27,902	39,008
Conference, Convention, and Meetings	---	---	---	---	229	229
Insurance	758	---	307	---	3,009	4,074
Volunteer Expense	53	---	5,816	---	---	5,869
Grants To Others	---	---	---	---	37,961	37,961
Non-Capitalized Equipment	1,262	---	---	---	876	2,138
IT/Hardware	581	---	---	---	12,456	13,037
Depreciation and Amortization	352	---	687	---	3,109	4,148
Total Allowable Costs of Award	\$ 912,668	\$ 98,449	\$ 647,096	\$ 338,390	\$ 832,422	\$ 2,829,025
Expenditures Reported Less Allowable Costs	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---

HUNGER TASK FORCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/ State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal/State CFDA Program Number	Pass-Through Entity Identifying Number	Expenditures	Subrecipients
FEDERAL ASSISTANCE				
The United States Department of Agriculture, Food and Nutrition Services				
Direct Federal Funding				
Food Insecurity Incentive Grants Program	10.331		\$ 7,560	
Wisconsin Department of Health Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435400-G20-FoodOutSer-00	\$ 416,212	\$ 37,961
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	154661	338,390	---
Total CFDA 10.561/SNAP Cluster			<u>\$ 754,602</u>	<u>\$ 37,961</u>
Wisconsin Department of Health Services				
Commodity Supplemental Food Program	10.565	154780	\$ 647,096	
Commodity Supplemental Food Program (Food Commodities)	10.565		2,936,815	\$ 2,681,411
Total CFDA 10.565			<u>\$ 3,583,911</u>	<u>\$ 2,681,411</u>
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Administrative Costs)	10.568	70011	\$ 912,668	
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Food Commodities)	10.569	435100-G20-TEFAP-00	\$ 98,723	
Emergency Food Assistance Program (Food Commodities)	10.569		8,445,440	\$ 6,929,451
Total CFDA 10.569			<u>\$ 8,544,163</u>	<u>\$ 6,929,451</u>
Total Food Distribution Cluster			<u>\$ 13,040,742</u>	<u>\$ 9,610,862</u>
Total United States Department of Agriculture, Food and Nutrition Services			<u>\$ 13,802,904</u>	
The United States Department of Housing and Urban Development				
Milwaukee County				
Community Development Block Grants/Entitlement Grants Cluster	14.218		\$ 95,473	
The United States Department of Treasury				
Wisconsin Department of Agriculture, Trade and Consumer Protection				
Coronavirus Relief Fund	21.019	20-001-020	\$ 196,604	
Coronavirus Relief Fund	21.019	20-002-004	1,516,115	
Milwaukee County	21.019	MSD20-111820-A	8,000	
Total CFDA 21.019			<u>\$ 1,720,719</u>	
The United States Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024		\$ 927,546	\$ 920,778
TOTAL FEDERAL EXPENDITURES			<u>\$ 16,546,642</u>	<u>\$ 10,569,601</u>

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, 2020

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 limited to grant budgets.

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, 2020, 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 20, 2021.

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) as a basis for designing 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 cursive script that reads "Ritz Holman LLP".

RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
January 20, 2021

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, 2020. 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 federal statutes, regulations, contracts, and terms and conditions of its federal awards 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, 2020.

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 20, 2021

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, 2020. 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, 2020.

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 20, 2021

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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:

U.S. Department of Agriculture
Food Distribution Cluster including CFDA 10.565, 10.568, 10.569
SNAP Cluster CFDA 10.561
U.S. Department of Treasury
Coronavirus Relief Funds CFDA 21.019
U.S. Department of Homeland Security
Emergency Food and Shelter National Board Program CFDA 97.024

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

Auditee qualified as low-risk auditee? Yes

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

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

The Emergency Food Assistance Program 70011

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

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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 Health Services No

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 20, 2021