

HUNGER TASK FORCE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Summarized Totals for the Year Ended September 30, 2021)

HUNGER TASK FORCE, INC.

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Independent Auditor's Report

Board of Directors
Hunger Task Force, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hunger Task Force, Inc. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hunger Task Force, Inc. as of September 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hunger Task Force, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hunger Task Force, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Ritz Holman LLP
Serving business, nonprofits, individuals and trusts.

330 E. Kilbourn Ave., Suite 550 t. 414.271.1451
Milwaukee, WI 53202 f. 414.271.7464
ritzholman.com

Board of Directors
Hunger Task Force, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hunger Task Force, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hunger Task Force, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Hunger Task Force, Inc.'s September 30, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Hunger Task Force, Inc.

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 financial statements. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 April 19, 2023, 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 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
April 19, 2023

HUNGER TASK FORCE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
(With Summarized Totals for September 30, 2021)

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,787,801	\$ 8,629,286
Grants Receivable	4,112,049	1,386,993
Current Pledges Receivable	1,850,000	1,100,000
Accounts Receivable	18,571	10,450
Inventory	986,437	641,170
Inventory - From USDA	1,477,444	2,936,744
Prepaid Expenses	138,662	133,830
Total Current Assets	\$ 17,370,964	\$ 14,838,473
FIXED ASSETS		
Land and Building	\$ 11,284,786	\$ 7,986,585
Office Equipment	359,523	261,014
Warehouse Equipment	3,106,048	3,023,844
Building Improvements	1,738,449	1,883,963
Intangible Assets	61,884	61,884
Total Fixed Assets	\$ 16,550,690	\$ 13,217,290
Less: Accumulated Depreciation and Amortization	(3,486,821)	(3,909,979)
Construction in Progress	161,500	2,615,806
Net Fixed Assets	\$ 13,225,369	\$ 11,923,117
OTHER ASSETS		
Investments	\$ 4,117,383	\$ 5,200,397
Net Long-Term Pledges Receivable	1,789,740	1,109,089
Beneficial Interest in Greater Milwaukee Foundation	351,853	423,415
Total Other Assets	\$ 6,258,976	\$ 6,732,901
TOTAL ASSETS	\$ 36,855,309	\$ 33,494,491
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,185,448	\$ 1,033,126
Accrued Salaries	187,701	149,482
Accrued Vacation	143,998	144,992
Flexible Benefits Payable	10,490	17,538
Current Portion of Loan Payable	---	239,343
Current Portion of Capital Lease Obligation	109,930	130,511
Total Current Liabilities	\$ 3,637,567	\$ 1,714,992
NON-CURRENT LIABILITIES		
Loan Payable	\$ ---	\$ 1,978,836
Less: Current Portion of Loan Payable	---	(239,343)
Capital Lease Obligation	226,161	356,672
Less: Current Portion of Capital Lease	(109,930)	(130,511)
Total Non-Current Liabilities	\$ 116,231	\$ 1,965,654
Total Liabilities	\$ 3,753,798	\$ 3,680,646
NET ASSETS		
Without Donor Restrictions	\$ 28,113,308	\$ 26,693,750
With Donor Restrictions	4,988,203	3,120,095
Total Net Assets	\$ 33,101,511	\$ 29,813,845
TOTAL LIABILITIES AND NET ASSETS	\$ 36,855,309	\$ 33,494,491

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

HUNGER TASK FORCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Summarized Totals for the Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
REVENUE				
Federal Emergency Management Act Grant	\$ 1,540,063	\$ ---	\$ 1,540,063	\$ 441,647
Emergency Food Assistance Program	570,790	---	570,790	958,633
Commodity Supplemental Food Program	647,096	---	647,096	677,646
Wisconsin Food Security and Products	7,014,495	---	7,014,495	10,487,585
Community Development Block Grant	293,039	---	293,039	132,741
Milwaukee County	---	---	---	744,370
SNAP Outreach	693,911	---	693,911	466,068
SNAP Education	352,061	---	352,061	345,159
National Institute of Food	185,684	---	185,684	9,553
Other Grants	---	---	---	133,247
Donations - Current Year Use	10,548,510	---	10,548,510	13,076,156
Donations - Future Year Use	---	3,148,321	3,148,321	2,221,900
Hunger Relief Fund	201,035	3,343	204,378	196,456
Donated Food and Services	1,131,013	---	1,131,013	679,214
USDA Food Received	7,205,686	---	7,205,686	9,437,553
Change in Beneficial Interest	2,060	(71,562)	(69,502)	90,922
Net Investment Income (Loss)	(1,057,496)	---	(1,057,496)	1,033,126
In-Kind Revenue	21,578	---	21,578	2,025
Gain (Loss) on Sale of Fixed Assets	474,842	---	474,842	(153,850)
Miscellaneous	11,401	---	11,401	23,830
Net Assets Released from Restrictions	1,211,994	(1,211,994)	---	---
Total Revenue	<u>\$ 31,047,762</u>	<u>\$ 1,868,108</u>	<u>\$ 32,915,870</u>	<u>\$ 41,003,981</u>
EXPENSES				
Program Services	\$ 27,375,861	\$ ---	\$ 27,375,861	\$ 31,352,894
Development	1,182,988	---	1,182,988	999,209
Management and General	1,069,355	---	1,069,355	692,557
Total Expenses	<u>\$ 29,628,204</u>	<u>\$ ---</u>	<u>\$ 29,628,204</u>	<u>\$ 33,044,660</u>
CHANGE IN NET ASSETS	\$ 1,419,558	\$ 1,868,108	\$ 3,287,666	\$ 7,959,321
Net Assets, Beginning of Year	<u>26,693,750</u>	<u>3,120,095</u>	<u>29,813,845</u>	<u>21,854,524</u>
NET ASSETS, END OF YEAR	<u>\$ 28,113,308</u>	<u>\$ 4,988,203</u>	<u>\$ 33,101,511</u>	<u>\$ 29,813,845</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, 2022
(With Summarized Totals for the Year Ended September 30, 2021)

	Food Program	Outreach	Advocacy	Development	Management and General	2022 Total	2021 Total
Salaries	\$ 1,924,383	\$ 1,112,518	\$ 550,194	\$ 497,857	\$ 258,661	\$ 4,343,613	\$ 4,264,597
Payroll Taxes	181,693	103,322	51,947	47,006	24,421	408,389	409,960
Retirement Expense	130,426	74,169	37,290	33,743	17,530	293,158	282,000
Employee Benefits	393,564	229,628	113,216	103,343	53,138	892,889	688,422
Food Expenses	8,006,102	79,485	---	---	34	8,085,621	10,203,040
Donated Food and Services	869,626	---	---	---	---	869,626	638,015
USDA Food Distributed	8,664,986	---	---	---	---	8,664,986	9,662,146
Special Event Expense	---	3,953	---	5,036	---	8,989	3,440
Staff Development	7,058	8,271	1,669	2,384	5,696	25,078	11,223
Printing	13,495	177,408	61,138	75,769	738	328,548	207,281
Postage	2,466	16,809	1,482	79,683	2,601	103,041	78,133
Travel	3,406	17,436	7,044	5,042	2,414	35,342	23,482
Accounting/Audit Fees	---	---	---	---	37,736	37,736	36,522
Dues and Subscriptions	59,029	15,695	7,227	51,313	29,291	162,555	154,568
Advertisements	23	94,120	61,824	166,412	---	322,379	259,530
Program Supplies and Equipment	4,768	1,212,954	86,249	---	---	1,303,971	3,416,550
Office Supplies	11,292	5,080	1,064	2,283	3,638	23,357	20,120
Professional Services	1,439	21,332	9,811	5,352	65,177	103,111	124,842
Maintenance and Supplies	354,528	25,838	3,103	2,859	38,536	424,864	353,689
Occupancy	161,872	91,063	3,491	4,264	6,440	267,130	218,672
Telephone	83,189	58,663	12,419	11,868	18,276	184,415	152,590
Conferences, Conventions and Meetings	---	---	1,525	2,990	(200)	4,315	1,821
Insurance	98,613	10,463	6,047	7,016	4,546	126,685	133,974
Volunteer Expenses	63,106	15,325	3,030	6,756	7,962	96,179	51,870
Grants to Others	---	1,149,707	---	---	---	1,149,707	620,852
Non-Capitalized Equipment	14,885	14,876	(92)	42	249	29,960	49,223
IT/Hardware	11,772	28,005	14,663	12,145	98,036	164,621	68,814
Depreciation and Amortization	689,926	7,564	1,841	2,668	3,115	705,114	625,163
Interest and Bank Fees	11,438	2,127	557	57,157	118,968	190,247	281,113
In-Kind Expense	---	---	---	---	21,578	21,578	2,025
Loss from Third Party Theft	---	---	---	---	249,998	249,998	---
Miscellaneous	---	226	---	---	776	1,002	984
TOTALS	\$ 21,763,085	\$ 4,576,037	\$ 1,036,739	\$ 1,182,988	\$ 1,069,355	\$ 29,628,204	\$ 33,044,661

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, 2022
(With Summarized Totals for the Year Ended September 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,287,666	\$ 7,959,321
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	705,114	625,163
Realized/Unrealized Investment (Gain) Loss	1,358,018	(992,580)
Gain (Loss) on Disposal of Fixed Assets	(474,892)	153,850
(Increase) Decrease in Grants Receivable	(2,725,056)	1,966,280
(Increase) Decrease in Net Pledges Receivable	(1,430,651)	(1,127,745)
(Increase) Decrease in Accounts Receivable	(8,121)	(1,700)
(Increase) Decrease in Inventory	(345,267)	739,709
(Increase) Decrease in Inventory - From USDA	1,459,300	224,593
(Increase) Decrease in Prepaid Expenses	(4,832)	(14,406)
(Increase) Decrease in Beneficial Interest	71,562	(89,153)
(Increase) Decrease in Deposits	---	25,000
Increase (Decrease) in Accounts Payable	2,152,322	(538,730)
Increase (Decrease) in Accrued Salaries	38,219	(48,233)
Increase (Decrease) in Accrued Vacation	(994)	(12,529)
Increase (Decrease) in Flexible Benefits Payable	(7,048)	4,642
	<u>\$ 4,075,340</u>	<u>\$ 8,873,482</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (395,908)	\$ (737,097)
Sale of Investments	120,904	695,150
Sale of Fixed Assets	1,100,000	---
Purchase of Fixed Assets	(2,632,474)	(9,645,013)
	<u>\$ (1,807,478)</u>	<u>\$ (9,686,960)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	\$ (1,978,836)	\$ (3,046,164)
Proceeds from Note Payable	---	5,025,000
Payments on Capital Leases	(130,511)	(135,247)
	<u>\$ (2,109,347)</u>	<u>\$ 1,843,589</u>
Net Increase in Cash and Cash Equivalents	\$ 158,515	\$ 1,030,111
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,629,286</u>	<u>7,599,175</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,787,801</u>	<u>\$ 8,629,286</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 455,817	\$ 1,219,014
Interest Paid	66,654	37,240
New Fixed Assets Financed by Capital Leases	---	143,887

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

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 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 and Future Pronouncements

Accounting Change

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended September 30, 2022. 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 are required to be reported as a separate line in the statement of activities. A financial statement note is 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, do not change the recognition and measurement requirements for those assets.

The adoption of the new standard did not result in a material impact to the Organization's financial statements.

Future Pronouncements

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 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. This amendment impacts the effective yield of an existing individual callable debt security.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE B - Accounting Change and Future Pronouncements (continued)

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2022. 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 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022. 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, 2021, from which the summarized information was derived.

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 become due. The financial assets include cash, cash equivalents and receivable balances, reduced by amounts purpose restricted by donors when they are included in the financial assets available for use.

Cash and Cash Equivalents	\$ 8,787,801
Grants Receivable	4,112,049
Current Pledges Receivable	1,850,000
Accounts Receivable	18,571
Less: Amounts Subject to Donor Restrictions	<u>(3,134,051)</u>
Total Financial Assets Available for Use	<u>\$11,634,370</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, 2022, the uninsured portion of this balance was \$8,500,815.

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, 2022, the fund held at the Greater Milwaukee Foundation has a value of \$351,853, which is reported on the statement of financial position as Beneficial Interest in Greater Milwaukee Foundation.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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, 2022:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
GMF Beneficial Interest	\$ 351,853	\$ ---	\$ ---	\$351,853
Exchange Traded Equity Funds	1,091,070	1,091,070	---	---
Bond Funds	1,011,908	1,011,908	---	---
Equity Mutual Funds	<u>2,014,405</u>	<u>2,014,405</u>	---	---
Total	<u>\$4,469,236</u>	<u>\$4,117,383</u>	<u>\$ ---</u>	<u>\$351,853</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, 2021	\$423,415
Total gains or losses (realized/unrealized)	(69,502)
Fees	(2,060)
Transfers in and/or out of Level 3	<u>---</u>
Ending Balance, September 30, 2022	<u>\$351,853</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
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE H - Grants Receivable

Grants receivable consists of the following amounts at September 30, 2022:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Health Services	
SNAP - ED	\$ 104,929
OUTREACH- ARPA	30,570
SNAP - OUTREACH	34,390
Farm to Food Bank	123,464
Emergency Food and Shelter Program	1,540,063
Community Development Block Grant	293,039
Food Security Initiative- Infrastructure	309,664
Food Security Initiative- Food	1,638,040
United States Department of Agriculture	<u>37,890</u>
Total	<u>\$4,112,049</u>

NOTE I - Pledges Receivable

Pledges receivable consists of the following amounts at September 30, 2022:

<u>Source</u>	<u>Amount</u>
Foundations	\$1,695,000
Corporation	1,150,000
Individual	<u>950,000</u>
Total Pledges Receivable	\$3,795,000
Less: Present Value Discount	<u>(155,260)</u>
Total	<u>\$3,639,740</u>

The discount rate used to determine the present value of pledges receivable was 6.25%.

Pledges receivable comprises the following amounts at September 30, 2022:

<u>Account</u>	<u>Amount</u>
Current Pledges Receivable	\$1,850,000
Net Long-Term Pledges Receivable	<u>1,789,740</u>
Total Pledges Receivable	<u>\$3,639,740</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE I - Pledges Receivable (continued)

All amounts are expected to be fully collected as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$1,850,000
2024	1,355,000
2025	480,000
2026	60,000
2027	<u>50,000</u>
Total	<u>\$3,795,000</u>

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	\$43,025
4155 N. 56 th Street	5/2026	38,160
Office Equipment lease	10/2024	2,033
Semi-Tractor Maintenance Agreement	10/2025	3,880
Truck Lease	2/2023	21,180
Franklin Urban Work Farm Lease	2027	1

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$111,251
2024	74,632
2025	48,012
2026	<u>28,986</u>
Total	<u>\$262,881</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE K - Intangible Assets

Net intangible assets of \$61,884 presented on the statement of financial position as of September 30, 2022, 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>15,000</u>	<u>---</u>	3 years
Total	<u>\$61,884</u>	<u>\$61,884</u>	<u>\$ ---</u>	

Amortization expense was \$0 for the year ended September 30, 2022.

NOTE L - Capital Lease

HTF has capital lease obligations for six freight trucks and five copiers. The cost of \$787,175 is included in fixed assets. Total accumulated depreciation for the leased assets amounts to \$547,844 at September 30, 2022.

The truck and copiers are depreciated over the life of the leases. Amortization of the capital leases of \$117,778 is included in depreciation expense for the year ended September 30, 2022.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$109,930	\$ 8,641	\$118,571
2024	74,573	1,357	75,930
2025	28,226	259	28,485
2026	<u>13,432</u>	<u>44</u>	<u>13,476</u>
Total	<u>\$226,161</u>	<u>\$10,301</u>	<u>\$236,462</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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, 2022	<u>\$ 684,706</u>
Total Time Restricted	<u>\$ 684,706</u>
<u>Time and Purpose Restricted</u>	
Farm	\$1,262,856
Capital Campaign	943,493
Mobile Market	152,658
Stockbox	695,439
Food for Families	<u>93,240</u>
Total Time and Purpose Restricted	<u>\$3,147,686</u>
<u>Purpose</u>	
Hunger Relief Fund	\$ 46,700
Beneficial Interest	351,853
Farm Irrigation	15,697
Mobile Market	237,865
Tribal Nation Equipment	500,000
Stamp Out Hunger	1,446
Other Purpose	<u>2,250</u>
Total Purpose Restricted	<u>\$1,155,811</u>
Total Net Assets With Donor Restrictions	<u>\$4,988,203</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, 2022, the Organization has \$297,203 and \$184,270 available for the Outreach program through August 31, 2023 and December 31, 2022, respectively. In addition, the Organization has \$7,985,505 available for its Food Security Initiative program through December 31, 2022.

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 \$8,336,699 of donated food for the fiscal year ended September 30, 2022.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE P - In-Kind Revenue

In-kind donations consist of the following for the year ended September 30, 2022:

<u>Source</u>	<u>Amount</u>
Tools	\$10,377
Furniture	4,000
Plumbing Fixtures	<u>7,201</u>
Total	<u>\$21,578</u>

For the year ended September 30, 2022, \$10,377 of the in-kind donations were utilized for its farm program and \$11,201 of the in-kind donations were utilized for its general operations. Fair market value for all in-kind donations were determined by the donors.

Hunger Task Force receives donated services from a variety of unpaid volunteers assisting Hunger Task Force in the operation of its Food Bank, Farm, Mobile Market and Nutrition Education programs, as well as its development and administrative tasks. A total of 31,180 hours of donated service hours were provided by 10,501 volunteers. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by Hunger Task Force. Services valued at approximately \$868,987 have not been recognized in the accompanying statement of activities for the year ended September 30, 2022 as they do not meet the requirements for recognition.

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, 2022, were \$293,158.

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, 2022, was \$322,379.

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, 2022, amounted to \$1,087,451. This amount is not reflected in the financial statements.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022, 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, 2022, through April 19, 2023, which is the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization 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, 2022**

BALANCE, BEGINNING OF YEAR		\$ 43,357
REVENUE		
City of Milwaukee	\$ 19,743	
Milwaukee County	5,071	
State Employees Combined Campaign	105,810	
Milwaukee Area Technical College	12,610	
Milwaukee Public Schools	15,897	
Other	45,247	
Total Revenue	204,378	204,378
EXPENSES		
Payments		
HTF Designations	\$ 22,849	
Payments to Other Organizations	179,509	
Total Expenses	202,358	202,358
BALANCE, END OF YEAR		\$ 45,377

**HUNGER TASK FORCE, INC.
DHS COST REIMBURSEMENT AWARD SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

GRANT	TEFAP-HTFM	CSFP	SNAP Nutrition	SNAP Outreach	SNAP Outreach-ARPA	
DHS Identification Number	70011	154780	154661	445406	435400-G22-ARPAOutSer-01 M1	
AWARD AMOUNT	\$ 570,790	\$ 647,096	\$ 352,061	\$ 541,685	\$ 152,226	
AWARD PERIOD	10/1/2021-9/30/2022	10/1/2021-9/30/2022	10/1/2021-9/30/2022	10/1/2021-9/30/2022	5/1/2022-9/30/2022	Total
EXPENDITURES REPORTED TO DHS FOR PAYMENT						
Payment from DHS	\$ 570,790	\$ 647,096	\$ 352,061	\$ 541,685	\$ 152,226	\$ 2,263,858
Match	160,743	---	---	541,685	---	702,428
Total Expenditures Reported to DHS	<u>\$ 731,533</u>	<u>\$ 647,096</u>	<u>\$ 352,061</u>	<u>\$ 1,083,370</u>	<u>\$ 152,226</u>	<u>\$ 2,966,286</u>
TOTAL ALLOWABLE COSTS OF AWARD						
Salaries and Wages	\$ 327,955	\$ 460,880	\$ 218,532	\$ 871,063	\$ 23,640	\$ 1,902,070
Program Supplies	---	74,971	50,775	---	---	125,746
Agency Operations	82,092	111,246	---	---	---	193,338
Translation and Design	---	---	6,549	---	---	6,549
Paid Educational Media	---	---	49,619	---	---	49,619
Copying/Printing	---	---	26,146	6,117	11,950	44,213
Food Purchases	321,500	---	---	---	---	321,500
Internet/Telephone	---	---	---	41,568	---	41,568
Equipment	---	---	---	10,456	24,941	35,397
Supplies	---	---	---	1,000	78,791	79,791
Building/Space	---	---	---	80,997	---	80,997
Other	---	---	---	30,908	12,904	43,812
Travel	---	---	440	2,800	---	3,240
Subcontractor	---	---	---	38,460	---	38,460
Total Allowable Costs of Award	<u>\$ 731,547</u>	<u>\$ 647,097</u>	<u>\$ 352,061</u>	<u>\$ 1,083,369</u>	<u>\$ 152,226</u>	<u>\$ 2,966,300</u>
Expenditures Reported Less Allowable Costs	<u>\$ (14)</u>	<u>\$ (1)</u>	<u>\$ ---</u>	<u>\$ 1</u>	<u>\$ ---</u>	<u>\$ (14)</u>

HUNGER TASK FORCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	2019-70030-30393	\$ 185,684	
Wisconsin Department of Health Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435400-G22-FoodOutSer-01	\$ 541,685	\$ 21,511
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435400-G22-ARPAOutSer-01 M1	152,226	---
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435100-G22-3913458471-290	352,061	---
Total CFDA 10.561/SNAP Cluster			<u>\$ 1,045,972</u>	<u>\$ 21,511</u>
Wisconsin Department of Health Services				
Commodity Supplemental Food Program	10.565	435100-G22-3913458471-290	\$ 647,096	\$ ---
Commodity Supplemental Food Program (Food Commodities)	10.565		1,844,541	1,844,541
Total CFDA 10.565			<u>\$ 2,491,637</u>	<u>\$ 1,844,541</u>
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G22-3913458471-290	\$ 410,047	
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G22-WIC_TEFAP-00	160,743	
Total CFDA 10.568			<u>\$ 570,790</u>	
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Food Commodities)	10.569		\$ 3,883,701	\$ 3,883,701
Total CFDA 10.569			<u>\$ 3,883,701</u>	<u>\$ 3,883,701</u>
Total Food Distribution Cluster			<u>\$ 6,946,128</u>	<u>\$ 5,728,242</u>
Total United States Department of Agriculture, Food and Nutrition Services			<u>\$ 8,177,784</u>	
The United States Department of Housing and Urban Development				
Milwaukee County				
Community Development Block Grants/Entitlement Grants Cluster	14.218	1699	\$ 67,308	
Community Development Block Grants/Entitlement Grants Cluster	14.218	1683	161,501	
Community Development Block Grants/Entitlement Grants Cluster	14.218	1684	64,230	
Total CFDA 14.218/CDBG-Entitlement Grants Cluster			<u>\$ 293,039</u>	
The United States Department of Treasury				
Wisconsin Department of Agriculture, Trade and Consumer Protection				
Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 7,014,839	\$ 6,789,028
Total CFDA 21.027			<u>\$ 7,014,839</u>	<u>\$ 6,789,028</u>
The United States Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024		\$ 1,540,063	\$ 948,687
TOTAL FEDERAL EXPENDITURES			<u>\$ 17,025,725</u>	<u>\$ 13,487,468</u>

The accompanying notes are an integral part of this schedule.

HUNGER TASK FORCE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

NOTE 2 - Indirect Cost Rate

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.

Independent Auditor's 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

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. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, 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 April 19, 2023.

Report on 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 Organization'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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RITZ-HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
April 19, 2023

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hunger Task Force, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hunger Task Force, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hunger Task Force, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hunger Task Force, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hunger Task Force, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hunger Task Force, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hunger Task Force, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hunger Task Force, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Hunger Task Force, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
April 19, 2023

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Hunger Task Force, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Program

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 audit requirements of *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the *State Single Audit Guidelines* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hunger Task Force, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Hunger Task Force, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hunger Task Force, Inc.'s state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hunger Task Force, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hunger Task Force, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *State Single Audit Guidelines*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hunger Task Force, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hunger Task Force, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Hunger Task Force, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
April 19, 2023

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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
CFDA #10.565, 10.568, 10.569 Food Distribution Cluster
U.S. Department of Treasury
CFDA #21.027 Coronavirus State and Local Fiscal Recovery Funds

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, 2022**

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, all state programs included federal source funds

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 IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reported.

SECTION VI - 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

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

April 19, 2023