

HUNGER TASK FORCE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Summarized Totals for the Year Ended September 30, 2022)

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, 2023, 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, 2023, 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.

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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, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, 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 and state 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 January 17, 2024, 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
January 17, 2024

HUNGER TASK FORCE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023
(With Summarized Totals for September 30, 2022)

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,577,905	\$ 8,787,801
Grants Receivable	1,076,039	4,112,049
Current Pledges Receivable	2,285,000	1,850,000
Accounts Receivable	161,423	18,571
Inventory	1,351,051	986,437
Inventory - From USDA	2,558,727	1,477,444
Prepaid Expenses	197,932	138,662
Total Current Assets	\$ 14,208,077	\$ 17,370,964
FIXED ASSETS		
Fixed Assets	\$ 16,813,651	\$ 15,814,418
Intangible Assets	61,884	61,884
Total Fixed Assets	\$ 16,875,535	\$ 15,876,302
Less: Accumulated Depreciation and Amortization	(3,909,364)	(3,051,763)
Construction in Progress	---	161,500
Net Fixed Assets	\$ 12,966,171	\$ 12,986,039
LEASES		
Right-of-Use Asset - Operating	\$ 124,091	\$ 202,230
Right-of-Use Asset - Finance	503,285	239,330
Total Leases	\$ 627,376	\$ 441,560
OTHER ASSETS		
Investments	\$ 10,590,902	\$ 4,117,383
Net Long-Term Pledges Receivable	1,312,033	1,789,740
Beneficial Interest in Greater Milwaukee Foundation	388,346	351,853
Total Other Assets	\$ 12,291,281	\$ 6,258,976
TOTAL ASSETS	\$ 40,092,905	\$ 37,057,539
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,052,623	\$ 3,185,448
Accrued Payroll	363,451	342,189
Current Portion of Operating Lease	56,033	78,139
Current Portion of Finance Lease	121,403	109,930
Total Current Liabilities	\$ 1,593,510	\$ 3,715,706
NON-CURRENT LIABILITIES		
Finance Lease Obligation	\$ 424,931	\$ 226,161
Less: Current Portion of Finance Lease	(121,403)	(109,930)
Operating Lease Obligation	124,091	202,230
Less: Current Portion of Operating Lease	(56,033)	(78,139)
Total Non-Current Liabilities	\$ 371,586	\$ 240,322
Total Liabilities	\$ 1,965,096	\$ 3,956,028
NET ASSETS		
Without Donor Restrictions	\$ 33,349,656	\$ 28,113,308
With Donor Restrictions	4,778,153	4,988,203
Total Net Assets	\$ 38,127,809	\$ 33,101,511
TOTAL LIABILITIES AND NET ASSETS	\$ 40,092,905	\$ 37,057,539

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

HUNGER TASK FORCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Summarized Totals for the Year Ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE				
Federal Emergency Management Act Grant	\$ 418,731	\$ ---	\$ 418,731	\$ 1,540,063
Emergency Food Assistance Program	348,094	---	348,094	570,790
Commodity Supplemental Food Program	790,800	---	790,800	647,096
Wisconsin Food Security and Products	15,485,161	---	15,485,161	7,014,495
Community Development Block Grant	323,500	---	323,500	293,039
SNAP Outreach	761,022	---	761,022	693,911
SNAP Education	360,418	---	360,418	352,061
National Institute of Food	297,203	---	297,203	185,684
Reach and Resiliency	1,442	---	1,442	---
WIC CIAO	28,388	---	28,388	---
Senior Farmers Market Nutrition Program	28,000	---	28,000	---
Donations - Current Year Use	9,965,314	---	9,965,314	10,548,510
Donations - Future Year Use	---	2,061,955	2,061,955	3,148,321
Hunger Relief Fund	179,147	---	179,147	204,378
Donated Food and Services	1,884,351	---	1,884,351	1,131,013
USDA Food Received	8,125,014	---	8,125,014	7,205,686
Change in Beneficial Interest	1,893	36,493	38,386	(69,502)
Net Investment Income (Loss)	795,605	---	795,605	(1,057,496)
In-Kind Revenue	---	---	---	21,578
Gain (Loss) on Sale of Fixed Assets	21,265	---	21,265	474,842
Miscellaneous	5,746	---	5,746	11,401
Net Assets Released from Restrictions	2,308,498	(2,308,498)	---	---
Total Revenue	<u>\$ 42,129,592</u>	<u>\$ (210,050)</u>	<u>\$ 41,919,542</u>	<u>\$ 32,915,870</u>
EXPENSES				
Program Services	\$ 34,656,937	\$ ---	\$ 34,656,937	\$ 27,375,861
Development	1,450,428	---	1,450,428	1,182,988
Management and General	785,879	---	785,879	1,069,355
Total Expenses	<u>\$ 36,893,244</u>	<u>\$ ---</u>	<u>\$ 36,893,244</u>	<u>\$ 29,628,204</u>
CHANGE IN NET ASSETS	\$ 5,236,348	\$ (210,050)	\$ 5,026,298	\$ 3,287,666
Net Assets, Beginning of Year	<u>28,113,308</u>	<u>4,988,203</u>	<u>33,101,511</u>	<u>29,813,845</u>
NET ASSETS, END OF YEAR	<u>\$ 33,349,656</u>	<u>\$ 4,778,153</u>	<u>\$ 38,127,809</u>	<u>\$ 33,101,511</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, 2023
(With Summarized Totals for the Year Ended September 30, 2022)

	Food Program	Outreach	Advocacy	Development	Management and General	2023 Total	2022 Total
Salaries	\$ 1,878,106	\$ 1,167,964	\$ 516,204	\$ 603,963	\$ 354,165	\$ 4,520,402	\$ 4,343,613
Payroll Taxes	165,181	104,339	45,773	53,782	31,344	400,419	408,389
Retirement Expense	125,101	79,291	33,551	41,023	23,985	302,951	293,158
Employee Benefits	412,972	260,558	114,452	135,274	79,377	1,002,633	892,889
Food Expenses	13,869,897	114,879	---	379	608	13,985,763	8,085,621
Donated Food and Services	1,951,441	---	---	---	---	1,951,441	869,626
USDA Food Distributed	7,043,730	---	---	---	---	7,043,730	8,664,986
Special Event Expense	---	3,205	74	25,877	120	29,276	8,989
Staff Development	12,853	5,698	2,445	5,616	12,978	39,590	25,078
Printing	7,874	135,356	32,983	85,597	468	262,278	328,548
Postage	2,385	14,158	358	80,910	1,451	99,262	103,041
Travel	8,873	18,437	26,832	2,784	3,275	60,201	35,342
Accounting/Audit Fees	---	---	---	---	49,972	49,972	37,736
Dues and Subscriptions	57,511	22,722	24,783	71,763	27,457	204,236	162,555
Advertisements	22,390	119,920	124,571	165,348	---	432,229	322,379
Program Supplies and Equipment	34,148	3,551,121	105,438	67,870	---	3,758,577	1,303,971
Office Supplies	10,614	3,823	1,162	4,259	3,199	23,057	23,357
Professional Services	20,298	22,810	11,433	16,044	81,392	151,977	103,111
Maintenance and Supplies	274,118	17,967	1,242	845	24,051	318,223	424,864
Occupancy	136,979	88,960	1,943	1,329	3,273	232,484	267,130
Telephone	78,152	64,645	7,371	8,176	6,467	164,811	184,415
Conferences, Conventions and Meetings	575	---	1,936	155	299	2,965	4,315
Insurance	119,331	10,398	5,567	5,605	5,474	146,375	126,685
Volunteer Expenses	29,656	15,841	4,482	9,745	9,191	68,915	96,179
Grants to Others	---	590,429	---	---	---	590,429	1,149,707
Non-Capitalized Equipment	7,054	22,906	(34)	1,425	925	32,276	29,960
IT/Hardware	8,588	37,626	9,115	5,410	42,971	103,710	164,621
Depreciation and Amortization	799,034	18,681	164	177	12,629	830,685	705,114
Interest and Bank Fees	13,134	2,457	109	57,072	9,875	82,647	190,247
Bad Debt Expense	---	---	---	---	918	918	---
In-Kind Expense	---	---	---	---	---	---	21,578
Loss from Third Party Theft	---	---	---	---	---	---	249,998
Miscellaneous	50	747	---	---	15	812	1,002
TOTALS	\$ 27,090,045	\$ 6,494,938	\$ 1,071,954	\$ 1,450,428	\$ 785,879	\$ 36,893,244	\$ 29,628,204

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, 2023
(With Summarized Totals for the Year Ended September 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,026,298	\$ 3,287,666
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	830,685	705,114
Realized/Unrealized Investment (Gain) Loss	(558,098)	1,358,018
Gain (Loss) on Disposal of Fixed Assets	(21,265)	(474,892)
(Increase) Decrease in Grants Receivable	3,036,010	(2,725,056)
(Increase) Decrease in Net Pledges Receivable	42,707	(1,430,651)
(Increase) Decrease in Accounts Receivable	(142,852)	(8,121)
(Increase) Decrease in Inventory	(364,614)	(345,267)
(Increase) Decrease in Inventory - From USDA	(1,081,283)	1,459,300
(Increase) Decrease in Prepaid Expenses	(59,270)	(4,832)
(Increase) Decrease in Beneficial Interest	(36,493)	71,562
Increase (Decrease) in Accounts Payable	(2,132,825)	2,152,322
Increase (Decrease) in Accrued Payroll	21,262	30,177
	<u>\$ 4,560,262</u>	<u>\$ 4,075,340</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (5,927,357)	\$ (395,908)
Sale of Investments	11,936	120,904
Sale of Fixed Assets	---	1,100,000
Purchase of Fixed Assets	(644,984)	(2,632,474)
	<u>\$ (6,560,405)</u>	<u>\$ (1,807,478)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	\$ ---	\$ (1,978,836)
Payments on Finance Leases	(209,753)	(130,511)
	<u>\$ (209,753)</u>	<u>\$ (2,109,347)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (2,209,896)	\$ 158,515
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,787,801</u>	<u>8,629,286</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,577,905</u>	<u>\$ 8,787,801</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 460,443	\$ 455,817
Interest Paid	16,824	66,654
Right-of-Use Assets Obtained through Finance Leases	433,550	---

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

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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) and The Commodity Supplemental Food Program (CSFP). 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, 2023

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, 2023

NOTE A - Summary of Significant Accounting Policies (continued)

Leases

The Organization recognizes operating and finance leases in accordance with the *FASB Accounting Standards Codification (ASC) 842*. A lease exists when an organization has the right to control the use of property, plant or equipment over a lease term. The lessee classifies a lease as either a finance or operating lease. The accounting of a finance lease is similar to when an asset is purchased. An operating lease is when the right-of-use of an asset exists over the lease-term, but the lease doesn't meet the definition of a finance lease. The Organization has elected to establish a threshold to exclude lease assets and obligations that are immaterial to the financial statements. The Organization recognizes individual lease assets and liabilities when they are greater than \$5,000. However, if the combined lease assets or liabilities for individually insignificant leases are greater than \$10,000, the Organization recognizes the lease assets and obligations. The Organization has elected not to apply the recognition requirements in ASC 842 to short-term leases (those with a term of 12 or less months) and no expected purchase at the end of the term.

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 Standards Changes and Future Accounting Pronouncements

Accounting Standards Changes

The Organization's financial statements include implementation of the following accounting standards updates:

Accounting Standards Update 2020-07, Not-for-Profit entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This update requires contributed nonfinancial assets 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 in this update are applied on a retrospective basis. The implementation of this standard has not materially affected the financial statements of the Organization.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE B - Accounting Standards Changes and Future Accounting Pronouncement (continued)

Accounting Standards Changes (continued)

Accounting Standards Update 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs. This update clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-32-33 for each reporting period. This amendment impacts the effective yield of an existing individual callable debt security. Amendments in this update are applied on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities. The implementation of this standard has not materially affected the financial statements of the Organization.

Accounting Standards Update 2016-02, Leases (Topic 842), which supersedes existing guidance in Topic 840, Leases. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors-Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases.

The Organization adopted the leasing standards effective October 1, 2022, using the modified respective approach with October 1, 2022, as the initial date of application. Using this method, a cumulative-effect adjustment to net assets is recognized in the period of adoption. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged.

Future Accounting Pronouncement

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 generally accepted accounting principles 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.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE C - Change in Accounting Principles

The adoption of Topic 842 had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of right-of-use operating lease assets of \$202,230 and operating lease liabilities of \$202,230. Adoption of the new standard had no material impact to the Organization's change in net assets and had no material impact on cash flows.

The following details the statement of financial position line items effected as of October 1, 2022:

	As Reported <u>Under 840</u>	As Reported <u>Under 842</u>	Effect of <u>Change</u>
<u>Assets</u>			
Right-of-Use Asset - Operating Lease	\$ ---	\$202,230	\$202,230
<u>Liabilities</u>			
Lease Liability - Operating Lease	\$ ---	\$202,230	\$202,230

NOTE D - Comparative Financial Information

The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023. 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, 2022, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2023 financial statements. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE E - 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	\$ 6,577,905
Grants Receivable	1,076,039
Current Pledges Receivable	2,285,000
Accounts Receivable	161,423
Less: Amounts Subject to Donor Restrictions	<u>(2,574,293)</u>
Total Financial Assets Available for Use	<u>\$ 7,526,704</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE F - 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, 2023, the uninsured portion of this balance was \$5,808,675.

NOTE G - 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, 2023, the fund held at the Greater Milwaukee Foundation has a value of \$388,346, which is reported on the statement of financial position as Beneficial Interest in Greater Milwaukee Foundation.

NOTE H - 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, 2023:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
GMF Beneficial Interest	\$ 388,346	\$ ---	\$ ---	\$388,346
Exchange Traded Equity Funds	1,239,128	1,239,128	---	---
Bond Funds	6,864,138	6,864,138	---	---
Equity Mutual Funds	<u>2,487,636</u>	<u>2,487,636</u>	<u>---</u>	<u>---</u>
Total	<u>\$10,979,248</u>	<u>\$10,590,902</u>	<u>\$ ---</u>	<u>\$388,346</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.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE H - Fair Value Measurements (continued)

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

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>
	<u>GMF Investments</u>
Beginning Balance, October 1, 2022	\$351,853
Total gains or losses (realized/unrealized)	38,386
Purchases, issuances, and settlements	(1,893)
Fees	---
Transfers in and/or out of Level 3	<u>---</u>
Ending Balance, September 30, 2023	<u>\$388,346</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.

NOTE I - Grants Receivable

Grants receivable consists of the following amounts at September 30, 2023:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Health Services	
Temporary Emergency Food Assistance Program	
Commodity Credit Corporation Eligible	
Recipient Funds	\$ 83,240
SNAP - ED	146,983
SNAP - OUTREACH	219,255
Reach and Resiliency	1,442
Senior Farmers Market Nutrition Program	28,000
Emergency Food and Shelter Program	418,731
Community Development Block Grant	150,000
Food Research & Action Center, Inc.	<u>28,388</u>
Total	<u>\$1,076,039</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE J - Pledges Receivable

Pledges receivable consists of the following amounts at September 30, 2023:

<u>Source</u>	<u>Amount</u>
Foundations	\$ 895,000
Corporation	2,225,000
Individual	<u>600,000</u>
Total Pledges Receivable	\$3,720,000
Less: Present Value Discount	<u>(122,967)</u>
Total	<u>\$3,597,033</u>

The discount rate used to determine the present value of pledges receivable was 8.5%.

Pledges receivable comprises the following amounts at September 30, 2023:

<u>Account</u>	<u>Amount</u>
Current Pledges Receivable	\$2,285,000
Net Long-Term Pledges Receivable	<u>1,312,033</u>
Total Pledges Receivable	<u>\$3,597,033</u>

All amounts are expected to be fully collected as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$2,285,000
2025	1,335,000
2026	50,000
2027	<u>50,000</u>
Total	<u>\$3,720,000</u>

NOTE K - Fixed and Intangible Assets

Fixed assets and accumulated depreciation at September 30, 2023, are as follows:

Building	\$ 11,925,212
Office Equipment	284,373
Warehouse and Farm Equipment	2,848,355
Leasehold Improvements	1,755,711
Software	<u>61,884</u>
Total Fixed Assets	\$ 16,875,535
Less: Accumulated Depreciation	<u>(3,909,364)</u>
Net Fixed Assets	<u>\$ 12,966,171</u>

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE L - Intangible Assets

Net intangible assets of \$61,884 presented on the statement of financial position as of September 30, 2023, 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, 2023.

NOTE M - Leasing Activities - Operating Leases

The Organization leases a space in the Midtown Shopping Center. The term of the lease is from January 2022 through May 2026. The annual payments increase at a rate of 3% per year. Current monthly payments for the year ended September 30, 2023, are \$3,324.

The Organization leases additional space under an operating lease at 723 Mitchell St. Milwaukee, WI. The term of the lease is from March 2021 through March 2024. The annual payments increase at a rate of 2% per year. Current monthly payments for the year ended September 30, 2023, are \$3,687.

The Organization uses their incremental borrowing rate of 3.00% to determine the value of the right-of-use asset and obligation for the operating lease.

Lease Term and Discount Rate

The weighted average remaining lease term for operating leases is:	3.17 year
The weighted average discount rate for operating leases is:	3.00%

Lease Cost and Cash Flow Information

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended September 30, 2023:

Operating Lease Costs:

Fixed Lease Payments	\$82,995
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The following summarizes cash flow information related to leases for the year ended September 30, 2023:

Operating Cash Flows from Operating Leases	\$78,139
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**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE M - Leasing Activities - Operating Leases (continued)

Maturities of Leases

The maturities of lease liabilities consist of the following as of September 30, 2023:

<u>For the Year Ending</u>	<u>Amount</u>
September 30, 2024	\$ 58,719
September 30, 2025	41,493
September 30, 2026	<u>28,210</u>
Total Lease Payments	\$128,422
Less: Present Value Discount	<u>(4,331)</u>
Total Present Value of Lease Liabilities	<u>\$124,091</u>

NOTE N - Leasing Activities - Finance Leases

HTF has finance lease obligations for four freight trucks, six copiers and two printers. The cost of \$709,457 is included as a right of use asset. Total accumulated amortization for the leased assets amounts to \$310,874 at September 30, 2023.

The truck and copiers are depreciated over the life of the leases. Amortization of the finance leases of \$132,120 is included in depreciation expense for the year ended September 30, 2023.

HTF has a finance lease for a solar panel system. The cost of \$109,065 is included as a right-of-use asset. Total accumulated amortization for the leased solar panel system amounts to \$4,363 for the year ended September 30, 2023.

Lease Term and Discount Rate

The weighted average discount rate for finance leases is:	4.7 %
The weighted average remaining lease term in years for finance leases is:	3.43 years

Lease Cost and Cash Flow Information

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended September 30, 2023:

	<u>Amount</u>
Finance Lease Costs:	
Amortization of Lease Asset	\$136,483
Interest on Lease Liabilities	\$ 11,968

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE N - Leasing Activities - Finance Leases (continued)

The following summarizes cash flow information related to leases for the year ended September 30, 2023:

	<u>Amount</u>
Operating Cash Flows from Finance Leases	\$ 11,968
Financing Cash Flows from Finance Leases	\$209,753

Maturities of Leases

The maturities of lease liabilities consists of the following as of September 30, 2023:

<u>For the Year Ending</u>	<u>Amount</u>
September 30, 2024	\$140,751
September 30, 2025	103,056
September 30, 2026	87,769
September 30, 2027	71,248
September 30, 2028	55,387
Thereafter	<u>41,648</u>
Total Lease Payments	\$499,859
Less: Present Value Discount	<u>(74,928)</u>
Total Present Value of Lease Liabilities	<u>\$424,931</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE O - 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, 2024	<u>\$503,480</u>
Total Time Restricted	<u>\$503,480</u>
<u>Time and Purpose Restricted</u>	
Farm	\$ 879,475
Emergency Food Program	1,441,244
Capital Campaign	374,816
Mobile Market	349,770
Stockbox	226,728
Food For Families	90,840
Lending a Helping Ham	<u>15,000</u>
Total Time and Purpose Restricted	<u>\$3,377,873</u>
<u>Purpose</u>	
Hunger Relief Fund	\$ 54,220
Beneficial Interest	388,346
Farm	109,218
Mobile Market	148,249
Tribal Nation Equipment	186,561
Holiday Cards	6,759
Other Purpose	<u>3,447</u>
Total Purpose Restricted	<u>\$ 896,801</u>
Total Net Assets With Donor Restrictions	<u>\$4,778,153</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE P - 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, 2023, the Organization has available the following conditional grants:

<u>Grant</u>	<u>Period of Award</u>	<u>Conditional Grants</u>
State of Wisconsin	5/25/2023-6/30/2025	\$ 618,194
Food Research and Action Center, Inc	5/1/2023-10/31/2024	192,372
Milwaukee County CDBG	1/1/2023-12/31/2023	<u>94,500</u>
Total		<u>\$ 905,066</u>

NOTE Q - Donated Food

HTF records donated food at fair market value on the date of the donation. Food is valued based on food studies and the average weight of food. This amount is included in both revenue and expenses. HTF received \$10,009,365 of donated food for the fiscal year ended September 30, 2023.

NOTE R - In-Kind Revenue

Hunger Task Force, Inc. receives donated services from a variety of unpaid volunteers assisting Hunger Task Force, Inc. 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 37,020 hours of donated service hours were provided by 12,350 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, Inc. Services valued at approximately \$1,177,236 have not been recognized in the accompanying statement of activities for the year ended September 30, 2023, as they do not meet the requirements for recognition.

NOTE S - 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 T - 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, 2023, were \$302,951.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE U - Advertising Costs

HTF uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the year ended September 30, 2023, was \$432,229.

NOTE V - 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, 2023, amounted to \$823,068. This amount is not reflected in the financial statements.

NOTE W - 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, 2023, 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 X - Subsequent Events

Subsequent events were evaluated events occurring after September 30, 2023, through January 17, 2024, 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 the following subsequent event needs to be disclosed:

In October 2023 HTF signed a new lease for a term of one year. The monthly rental payments are \$3,000.

**HUNGER TASK FORCE, INC.
SCHEDULE OF HUNGER RELIEF FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

BALANCE, BEGINNING OF YEAR		\$ 45,377
REVENUE		
City of Milwaukee	\$ 14,905	
Milwaukee County	4,492	
State Employees Combined Campaign	104,954	
Milwaukee Area Technical College	13,564	
Milwaukee Public Schools	18,143	
Other	23,089	
Total Revenue	179,147	179,147
EXPENSES		
Payments		
HTF Designations	\$ 17,774	
Payments to Other Organizations	153,414	
Total Expenses	171,188	171,188
BALANCE, END OF YEAR		\$ 53,336

HUNGER TASK FORCE, INC.
DHS COST REIMBURSEMENT AWARD SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

GRANT DHS Identification Number	TEFAP-HTFM 70011	TEFAP CCC 70015	TEFAP-Reach and Resiliency 435100-G25-TEFAPREACH-01	CSFP 154780	Senior Farmer Market Nutrition Program	SNAP Nutrition 154661	SNAP Outreach 445406		
AWARD AMOUNT	\$ 264,854	\$ 83,241	\$ 619,635	\$ 790,800	\$ 28,000	\$ 360,420	\$ 760,678		
AWARD PERIOD	10/1/2022-9/30/2023	2/1/2023-9/30/2023	5/25/2023-6/30/2025	10/1/2022-9/30/2023	09/01/2023-10/31/2023	10/1/2022-9/30/2023	10/1/2022-9/30/2023		Total
EXPENDITURES REPORTED TO DHS FOR PAYMENT									
Payment from DHS	\$ 264,854	\$ 83,241	\$ 1,441	\$ 790,800	\$ 28,000	\$ 360,418	\$ 761,022		\$ 2,289,776
Match	67,034	---	---	---	---	---	760,678		827,712
Total Expenditures Reported to DHS	\$ 331,888	\$ 83,241	\$ 1,441	\$ 790,800	28,000	\$ 360,418	\$ 1,521,700		\$ 3,117,488
TOTAL ALLOWABLE COSTS OF AWARD									
Salaries and Wages	\$ 140,887	\$ ---	\$ ---	\$ 559,499	\$ ---	\$ 208,214	\$ 963,697		\$ 1,872,297
Program Supplies	---	---	---	92,497	---	38,603	---		131,100
Agency Operations	56,933	---	---	138,804	---	---	---		195,737
Translation and Design	---	---	---	---	---	9,125	---		9,125
Paid Educational Media	---	---	---	---	---	72,979	---		72,979
Copying/Printing	---	---	---	---	---	31,076	141,950		173,026
Food Purchases	134,068	---	---	---	---	28,000	---		162,068
Storage and Distribution	---	83,241	---	---	---	---	---		83,241
Internet/Telephone	---	---	---	---	---	---	61,057		61,057
Equipment	---	---	---	---	---	---	58,399		58,399
Supplies	---	---	---	---	---	---	2,863		2,863
Building/Space	---	---	---	---	---	---	82,536		82,536
Other	---	---	---	---	---	---	160,018		160,018
Travel	---	---	1,441	---	---	421	6,598		8,460
Subcontractor	---	---	---	---	---	---	44,582		44,582
Total Allowable Costs of Award	\$ 331,888	\$ 83,241	\$ 1,441	\$ 790,800	\$ 28,000	\$ 360,418	\$ 1,521,700		\$ 3,117,488
Expenditures Reported Less Allowable Costs	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---		\$ ---

HUNGER TASK FORCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	\$ 297,203	
Wisconsin Department of Health Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435400-G23-FoodOutSer-01	\$ 761,022	\$ 22,290
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435100-G23-3913458471-390	360,418	---
Total CFDA 10.561/SNAP Cluster			<u>\$ 1,121,440</u>	<u>\$ 22,290</u>
Wisconsin Department of Health Services				
Commodity Supplemental Food Program	10.565	435100-G23-3913458471-390-M1	\$ 790,800	---
Commodity Supplemental Food Program (Food Commodities)	10.565		3,507,530	3,507,530
Total CFDA 10.565			<u>\$ 4,298,330</u>	<u>\$ 3,507,530</u>
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G23-3913458471-390	\$ 197,820	
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G23-3913458471-90	83,241	
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G23-TEFAP-01	67,034	
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G25-TEFAPREACH-01	1,442	
Total CFDA 10.568			<u>\$ 349,537</u>	
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Food Commodities)	10.569		\$ 3,536,200	\$ 3,536,200
Total CFDA 10.569			<u>\$ 3,536,200</u>	<u>\$ 3,536,200</u>
Total Food Distribution Cluster			<u>\$ 8,184,067</u>	<u>\$ 7,043,730</u>
Wisconsin Department of Health Services				
Senior Farmers Market Nutrition Program	10.576		\$ 28,000	
Food Research & Action Center				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557		\$ 28,388	
Total United States Department of Agriculture, Food and Nutrition Services			<u>\$ 9,659,098</u>	
The United States Department of Housing and Urban Development				
Milwaukee County				
Community Development Block Grants/Entitlement Grants Cluster	14.218		\$ 173,500	
Community Development Block Grants/Entitlement Grants Cluster	14.218		150,000	
Total CFDA 14.218/CDBG-Entitlement Grants Cluster			<u>\$ 323,500</u>	
The United States Department of Treasury				
Wisconsin Department of Agriculture, Trade and Consumer Protection				
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	\$ 15,485,161	\$ 15,664,748
Total CFDA 21.027			<u>\$ 15,485,161</u>	<u>\$ 15,664,748</u>
The United States Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024		\$ 418,731	\$ 414,544
Total CFDA 97.024			<u>\$ 418,731</u>	<u>\$ 414,544</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 25,886,490</u>	<u>\$ 16,079,292</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, 2023

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, 2023, 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 17, 2024.

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
January 17, 2024

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, 2023. 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, 2023.

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
January 17, 2024

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, 2023. 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, 2023.

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
January 17, 2024

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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
 Assistance Listing #10,565, 10.568, 10.569 Food Distribution Cluster
 Assistance Listing #10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program/SNAP Cluster
 U.S. Department of Treasury
 Assistance Listing #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

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

SECTION VI - OTHER ISSUES (continued)

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*?

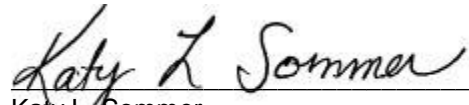
Department of Health Services

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


Katy L. Sommer

5. Date of report

January 17, 2024