

HUNGER TASK FORCE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(With Summarized Totals for the Year Ended September 30, 2023)

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, 2024, 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, 2024, 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, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, 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) 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 22, 2025, 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 22, 2025

HUNGER TASK FORCE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2024
(With Summarized Totals for September 30, 2023)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,171,556	\$ 6,577,905
Grants Receivable	898,638	1,076,039
Current Pledges Receivable	2,562,989	2,424,969
Accrued Interest	43,865	21,454
Inventory	581,846	1,351,051
Inventory - From USDA	3,576,189	2,558,727
Prepaid Expenses	229,308	197,932
Short-Term Investments	3,956,143	3,919,155
Total Current Assets	\$ 19,020,534	\$ 18,127,232
FIXED ASSETS		
Fixed Assets	\$ 17,498,891	\$ 16,813,651
Intangible Assets	64,365	61,884
Total Fixed Assets	\$ 17,563,256	\$ 16,875,535
Less: Accumulated Depreciation and Amortization	(4,399,550)	(3,909,364)
Construction in Progress	38,279	---
Net Fixed Assets	\$ 13,201,985	\$ 12,966,171
LEASES		
Right-of-Use Asset - Operating	\$ 62,625	\$ 124,091
Right-of-Use Asset - Finance	971,984	503,285
Total Leases	\$ 1,034,609	\$ 627,376
OTHER ASSETS		
Long-Term Investments	\$ 7,681,150	\$ 6,671,747
Net Long-Term Pledges Receivable	236,626	1,312,033
Beneficial Interest in Greater Milwaukee Foundation	450,148	388,346
Total Other Assets	\$ 8,367,924	\$ 8,372,126
TOTAL ASSETS	\$ 41,625,052	\$ 40,092,905
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 316,785	\$ 1,038,658
Accrued Payroll	408,125	377,416
Current Portion of Operating Lease	40,096	56,033
Current Portion of Finance Lease	171,606	121,403
Total Current Liabilities	\$ 936,612	\$ 1,593,510
NON-CURRENT LIABILITIES		
Finance Lease Obligation	\$ 920,712	\$ 424,931
Less: Current Portion of Finance Lease	(171,606)	(121,403)
Operating Lease Obligation	68,058	124,091
Less: Current Portion of Operating Lease	(40,096)	(56,033)
Total Non-Current Liabilities	\$ 777,068	\$ 371,586
Total Liabilities	\$ 1,713,680	\$ 1,965,096
NET ASSETS		
Without Donor Restrictions	\$ 36,389,484	\$ 33,349,656
With Donor Restrictions	3,521,888	4,778,153
Total Net Assets	\$ 39,911,372	\$ 38,127,809
TOTAL LIABILITIES AND NET ASSETS	\$ 41,625,052	\$ 40,092,905

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

HUNGER TASK FORCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(With Summarized Totals for the Year Ended September 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUE				
Federal Emergency Management Act Grant	\$ 184,551	\$ ---	\$ 184,551	\$ 418,731
Emergency Food Assistance Program	236,981	---	236,981	348,094
Commodity Supplemental Food Program	806,670	---	806,670	790,800
Wisconsin Food Security and Products Community Development Block Grant	---	---	---	15,485,161
SNAP Outreach	259,500	---	259,500	323,500
SNAP Education	709,074	---	709,074	761,022
National Institute of Food Reach and Resiliency	447,766	---	447,766	360,418
WIC CIAO	---	---	---	297,203
Local Food Purchase Agreements	10,974	---	10,974	1,442
Tribal Elder Food Box	131,987	---	131,987	28,388
Senior Farmers Market Nutrition Program	230,676	---	230,676	---
Donations - Current Year Use	110,700	---	110,700	---
Donations - Future Year Use	17,500	---	17,500	28,000
Hunger Relief Fund	8,340,194	---	8,340,194	9,965,314
Donated Food and Services	---	1,557,244	1,557,244	2,061,955
USDA Food Received	171,210	828	172,038	179,147
Change in Beneficial Interest	1,622,754	---	1,622,754	1,884,351
Net Investment Income	11,081,159	---	11,081,159	8,125,014
In-Kind Revenue	1,956	61,802	63,758	38,386
Gain (Loss) on Sale of Fixed Assets	1,736,752	---	1,736,752	795,605
Miscellaneous	5,000	---	5,000	---
Net Assets Released from Restrictions	(17,380)	---	(17,380)	21,265
Total Revenue	\$ 28,975,987	\$ (1,256,265)	\$ 27,719,722	\$ 41,919,542
EXPENSES				
Program Services	\$ 23,610,156	\$ ---	\$ 23,610,156	\$ 34,656,937
Development	1,409,620	---	1,409,620	1,450,428
Management and General	916,383	---	916,383	785,879
Total Expenses	\$ 25,936,159	\$ ---	\$ 25,936,159	\$ 36,893,244
CHANGE IN NET ASSETS	\$ 3,039,828	\$ (1,256,265)	\$ 1,783,563	\$ 5,026,298
Net Assets, Beginning of Year	33,349,656	4,778,153	38,127,809	33,101,511
NET ASSETS, END OF YEAR	\$ 36,389,484	\$ 3,521,888	\$ 39,911,372	\$ 38,127,809

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, 2024
(With Summarized Totals for the Year Ended September 30, 2023)

	Food Program	Outreach	Advocacy	Development	Management and General	2024 Total	2023 Total
Salaries	\$ 2,111,849	\$ 1,268,059	\$ 710,575	\$ 647,512	\$ 471,150	\$ 5,209,145	\$ 4,520,402
Payroll Taxes	184,979	110,433	62,212	56,704	41,243	455,571	400,419
Retirement Expense	142,179	84,409	47,723	43,296	31,694	349,301	302,951
Employee Benefits	425,407	255,681	143,117	130,790	95,729	1,050,724	1,002,633
Food Expenses	2,171,595	99,875	959	---	549	2,272,978	13,985,763
Donated Food and Services	1,618,618	---	---	---	---	1,618,618	1,951,441
USDA Food Distributed	10,097,064	---	---	---	---	10,097,064	7,043,730
Special Event Expense	---	1,433	---	20,736	---	22,169	29,276
Staff Development	5,450	3,718	17,239	8,399	12,172	46,978	39,590
Printing	47,794	102,156	65,123	47,904	1,453	264,430	262,278
Postage	2,931	35,852	20,866	80,332	1,873	141,854	99,262
Travel	10,390	13,396	22,599	626	4,148	51,159	60,201
Accounting/Audit Fees	---	---	---	---	51,873	51,873	49,972
Dues and Subscriptions	69,199	32,676	50,029	88,816	32,540	273,260	204,236
Advertisements	15,720	2,343	108,078	140,009	790	266,940	432,229
Program Supplies and Equipment	103,290	903,087	118,755	18,716	25	1,143,873	3,758,577
Office Supplies	5,344	5,419	909	1,267	5,459	18,398	23,057
Professional Services	55,781	22,463	3,294	40,826	65,284	187,648	151,977
Maintenance and Supplies	307,540	27,745	1,858	865	10,345	348,353	318,223
Occupancy	119,454	130,541	1,768	1,210	2,979	255,952	232,484
Telephone	80,775	65,684	9,713	8,863	6,994	172,029	164,811
Conferences, Conventions and Meetings	153	500	3,637	36	---	4,326	2,965
Insurance	153,357	8,466	5,706	4,683	6,153	178,365	146,375
Volunteer Expenses	45,567	11,749	1,451	6,916	13,029	78,712	68,915
Grants to Others	---	160,675	25,000	---	---	185,675	590,429
Non-Capitalized Equipment	51,719	24,166	238	163	412	76,698	32,276
IT/Hardware	14,765	10,980	3,768	9,628	32,796	71,937	103,710
Depreciation and Amortization	875,203	10,551	2,173	463	6,653	895,043	830,685
Interest and Bank Fees	54,675	20,166	68	50,761	19,717	145,387	82,647
Bad Debt Expense	---	---	---	---	---	---	918
Miscellaneous	---	277	---	99	1,323	1,699	812
TOTALS	\$ 18,770,798	\$ 3,412,500	\$ 1,426,858	\$ 1,409,620	\$ 916,383	\$ 25,936,159	\$ 36,893,244

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, 2024
(With Summarized Totals for the Year Ended September 30, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,783,563	\$ 5,026,298
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	895,043	830,685
Realized/Unrealized Investment (Gain) Loss	(1,265,709)	(558,098)
Change in Operating Lease	5,433	---
Gain (Loss) on Disposal of Fixed Assets	17,380	(21,265)
(Increase) Decrease in Grants Receivable	177,401	3,036,010
(Increase) Decrease in Net Pledges Receivable	937,387	(78,691)
(Increase) Decrease in Accrued Interest	(22,411)	(21,454)
(Increase) Decrease in Inventory	769,205	(364,614)
(Increase) Decrease in Inventory - From USDA	(1,017,462)	(1,081,283)
(Increase) Decrease in Prepaid Expenses	(31,376)	(59,270)
(Increase) Decrease in Beneficial Interest	(61,802)	(36,493)
Increase (Decrease) in Accounts Payable	(721,873)	(2,132,825)
Increase (Decrease) in Accrued Payroll	30,709	21,262
	<u>\$ 1,495,488</u>	<u>\$ 4,560,262</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (4,041,862)	\$ (5,927,357)
Sale of Investments	4,261,180	11,936
Purchase of Construction in Progress	(38,279)	---
Purchase of Fixed Assets	(920,304)	(644,984)
	<u>\$ (739,265)</u>	<u>\$ (6,560,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Finance Leases	\$ (162,572)	\$ (209,753)
	<u>\$ (162,572)</u>	<u>\$ (209,753)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 593,651	\$ (2,209,896)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,577,905</u>	<u>8,787,801</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,171,556</u>	<u>\$ 6,577,905</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 348,209	\$ 460,443
Interest Paid	70,202	16,824
Right-of-Use Assets Obtained through Finance Leases	695,859	433,550

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

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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.

Grants Receivable

Grants receivable includes government and other grant revenue earned but not yet received by the Organization. Revenue is considered to be earned when the services are performed or related costs to be reimbursed have been incurred.

Pledges Receivable

Pledges receivable includes unconditional promises to give received by the Organization. Pledge balances are included in net assets with donor restrictions unless the donor has directed that the funds are for a period or purpose of which the restriction is already met.

Accounts Receivable

Accounts receivable are stated at unpaid balances. Accounts receivable include unpaid balances from trade receivables with customers for services. As of September 30, 2024, HTF did not have any trade receivables.

Accounts Receivable and Credit Losses

The Organization recognizes an allowance for expected credit losses on trade receivables. The expected credit losses are updated by management at each reporting date to reflect changes in credit risk since the financial instrument was initially recognized. The expected credit losses on trade receivables are estimated based on historical credit loss experience, aging analysis, and management's assessment of current conditions and reasonable and supportable expectations of future conditions. The Organization assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually, when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The expense associated with the allowance for expected credit losses is recognized in bad debts expense.

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.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - Summary of Significant Accounting Policies (continued)

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.

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.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions and Grant Revenue (continued)

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.

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.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE B - Accounting Change

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) is 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. The implementation of this standard did not materially affect the financial statements.

NOTE C - Comparative Financial Information

The financial information shown for 2023 in the accompanying financial statements is included to provide a basis for comparison with 2024. 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, 2023, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2024 financial statements. Net assets and changes in net assets are unchanged due to these reclassifications.

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	\$ 7,171,556
Grants Receivable	898,638
Current Pledges Receivable	2,562,989
Accrued Interest	43,865
Less: Amounts Subject to Donor Restrictions	<u>(2,752,052)</u>
Total Financial Assets Available for Use	<u>\$ 7,924,996</u>

In addition, HTF has \$3,956,143 in Treasury notes that are expected to mature in the next fiscal year.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE E - Credit Losses on Financial Instruments

HTF holds United States Treasury Notes in its investment which it intends to hold to maturity. Due the nature of these notes being backed by the federal government, HTF fully expects that these notes will be redeemed and therefore no allowance for credit loss is anticipated for the year ended September 30, 2024. The future maturity of these notes and the unamortized discount is as follows for the year ended September 30, 2024:

2025	\$ 4,000,000
2026	2,000,000
Unamortized Discount	<u>(79,174)</u>
Total Financial Assets Available for Use	<u>\$ 5,920,826</u>

During the year ended September 30, 2024, \$167,229 of interest income is considered amortization of the discount on these treasury notes. As of September 30, 2024, HTF has accrued \$43,865 of interest on the notes, which it fully intends to collect.

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, 2024, the uninsured portion of this balance was \$6,186,106.

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, 2024, the fund held at the Greater Milwaukee Foundation has a value of \$450,148, 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.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, HTF's assets at fair value as of September 30, 2024:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
GMF Beneficial Interest	\$ 450,148	\$ ---	\$ ---	\$450,148
Exchange Traded Equity Funds	1,478,113	1,478,113	---	---
Bond Funds	1,150,835	1,150,835	---	---
Equity Mutual Funds	3,087,519	3,087,519	---	---
Treasury Notes – Short-Term	3,956,143	3,956,143	---	---
Treasury Notes – Long-Term	<u>1,964,683</u>	<u>1,964,683</u>	<u>---</u>	<u>---</u>
Total	<u>\$12,087,441</u>	<u>\$11,637,293</u>	<u>\$ ---</u>	<u>\$450,148</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, 2023	\$388,346
Total gains or losses (realized/unrealized)	62,533
Investment Income	1,226
Fees	<u>(1,957)</u>
Ending Balance, September 30, 2024	<u>\$450,148</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, 2024**

NOTE I - Grants Receivable

Grants receivable consists of the following amounts at September 30, 2024:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Health Services	
Temporary Emergency Food Assistance Program	\$ 30,857
Community Supplement Food Program	182,231
SNAP - ED	110,264
SNAP - OUTREACH	46,592
Reach and Resiliency	9,117
Wisconsin Department of Agriculture, Trade and Consumer Protection	
Local Food Purchase Agreement	230,676
Tribal Elder Food Box	110,700
Milwaukee County Community Development Block Grant	165,000
Food Research & Action Center, Inc.	<u>13,201</u>
Total	<u>\$898,638</u>

NOTE J - Pledges Receivable

Pledges receivable consists of the following amounts at September 30, 2024:

<u>Source</u>	<u>Amount</u>
Foundations	\$ 470,713
Corporation	1,106,266
Individual	<u>1,246,010</u>
Total Pledges Receivable	\$2,822,989
Less: Present Value Discount	<u>(23,374)</u>
Total	<u>\$2,799,615</u>

The discount rate used to determine the present value of pledges receivable was 8.0%.

Pledges receivable comprises the following amounts at September 30, 2024:

<u>Account</u>	<u>Amount</u>
Current Pledges Receivable	\$2,562,989
Net Long-Term Pledges Receivable	<u>236,626</u>
Total Pledges Receivable	<u>\$2,799,615</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE J - Pledges Receivable (continued)

All amounts are expected to be fully collected as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2025	\$2,562,989
2026	200,000
2027	<u>60,000</u>
Total	<u>\$2,822,989</u>

NOTE K - Fixed and Intangible Assets

Fixed assets and accumulated depreciation at September 30, 2024, are as follows:

Building	\$ 12,471,748
Office Equipment	284,373
Warehouse and Farm Equipment	2,786,784
Leasehold Improvements	1,955,986
Software	64,365
Construction In Progress	<u>38,279</u>
Total Fixed Assets	\$ 17,601,535
Less: Accumulated Depreciation	<u>(4,399,550)</u>
Net Fixed Assets	<u>\$ 13,201,985</u>

NOTE L - Intangible Assets

Intangible assets of \$64,365 presented on the statement of financial position as of September 30, 2024, 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	\$36,246	\$33,765	\$ 2,481	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>	---	3 years
Total	<u>\$64,365</u>	<u>\$61,884</u>	<u>\$2,481</u>	

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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, 2024, are \$3,424.

HTF leases additional space under an operating lease at 723 W. Mitchell Street, Milwaukee, WI. The term of the lease is from March 2021 through March 2024. The lease was renewed in May 2024 through December 31, 2024 and therefore is not included as a right-of-use asset or liability for the year ended September 30, 2024. The annual payments increase at a rate of 2% per year. Current monthly payments for the year ended September 30, 2024, 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:	1.67 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, 2024:

Operating Lease Costs:	
Fixed Lease Payments	\$58,719

The following summarizes cash flow information related to leases for the year ended September 30, 2024:

Operating Cash Flows from Operating Leases	\$56,033
--	----------

Maturities of Leases

The maturities of lease liabilities consist of the following as of September 30, 2024:

<u>For the Year Ending</u>	<u>Amount</u>
September 30, 2025	\$ 41,493
September 30, 2026	<u>28,210</u>
Total Lease Payments	\$ 69,703
Less: Present Value Discount	<u>(1,645)</u>
Total Present Value of Lease Liabilities	<u>\$ 68,058</u>

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE N - Leasing Activities - Finance Leases

HTF has finance lease obligations for seven freight trucks, six copiers and two printers. The cost of \$1,154,908 is included as a right-of-use asset. Total accumulated amortization for the leased assets amounts to \$283,264 at September 30, 2024.

The truck and copiers are depreciated over the life of the leases. Amortization of the finance leases of \$174,107 is included in depreciation expense for the year ended September 30, 2024.

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 \$8,725 for the year ended September 30, 2024. The solar panel is depreciated over the life of the leases. Amortization of the finance lease of \$4,363 is included in depreciation expense for the year ended September 30, 2024.

Lease Term and Discount Rate

The weighted average discount rate for finance leases is:	7.4 %
The weighted average remaining lease term in years for finance leases is:	4.40 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, 2024:

	<u>Amount</u>
Finance Lease Costs:	
Amortization of Lease Asset	\$ 178,470
Interest on Lease Liabilities	\$ 73,573

The following summarizes cash flow information related to leases for the year ended September 30, 2024:

	<u>Amount</u>
Operating Cash Flows from Finance Leases	\$ 73,573
Financing Cash Flows from Finance Leases	\$ 162,572

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE N - Leasing Activities - Finance Leases (continued)

Maturities of Leases

The maturities of lease liabilities consists of the following as of September 30, 2024:

<u>For the Year Ending</u>	<u>Amount</u>
September 30, 2025	\$ 249,711
September 30, 2026	241,859
September 30, 2027	199,468
September 30, 2028	177,324
September 30, 2029	164,929
Thereafter	<u>168,161</u>
Total Lease Payments	\$1,201,452
Less: Present Value Discount	<u>(280,740)</u>
Total Present Value of Lease Liabilities	<u>\$ 920,712</u>

NOTE O - Other Leasing Activities

The Organization entered into a lease agreement on October 15, 2023, to lease a building at 1220 West Vliet Street, Milwaukee, Wisconsin. The lease is a one-year lease and will automatically renew on a month-to-month basis after the one-year term. Monthly payments for the year ended September 30, 2024, are \$3,000. Total lease payments for the year ended September 30, 2024, were \$37,500.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE P - 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, 2025	<u>\$ 123,727</u>
Total Time Restricted	<u>\$ 123,727</u>
<u>Time and Purpose Restricted</u>	
Endowment to End Hunger	\$1,000,100
Farm	283,859
Emergency Food Program	750,000
Capital Campaign	148,519
Mobile Market	54,000
Stockbox	246,000
Food For Families	279,355
Lending a Helping Ham	<u>15,000</u>
Total Time and Purpose Restricted	<u>\$2,776,833</u>
<u>Purpose</u>	
Hunger Relief Fund	\$ 45,653
Beneficial Interest	450,148
Farm	9,218
Holiday Cards	12,862
Solar Panels	100,000
Other Purpose	<u>3,447</u>
Total Purpose Restricted	<u>\$ 621,328</u>
Total Net Assets With Donor Restrictions	<u>\$3,521,888</u>

The Endowment to End Hunger is considered restricted by the donor in perpetuity. The restricted funds are to be invested in the year ended September 30, 2025 with a three year vesting period. After the three years, a historical average will be used to calculate the average yield of which 4% will be allocated to the farm general operating fund. The allocations will be at the discretion of the board of directors and based on market performance.

**HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE Q - 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, 2024, the Organization has available the following conditional grants:

<u>Grant</u>	<u>Grant Period</u>	<u>Balance Available</u>
Reach and Resiliency	5/25/2023-6/30/2025	\$ 48,558
Reach and Resiliency TEFAP Outlet Expansion	1/1/2024-12/31/2024	4,026
Local Food Purchase Assistance Program Community Partner Grant	2/15/2024-2/14/2025	19,057
Tribal Elder Food Box	6/1/2024-5/31/2025	90,635
Food Research Action Center	5/1/2023-10/31/2024	<u>60,386</u>
Total Grants Available in Future Periods		<u>\$ 222,662</u>

NOTE R - 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 \$12,703,913 of donated food for the fiscal year ended September 30, 2024.

NOTE S - 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 38,375 hours of donated service hours were provided by 15,309 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 \$1,281,830 have not been recognized in the accompanying statement of activities for the year ended September 30, 2024, as they do not meet the requirements for recognition.

During the year the Organization received \$5,000 of donated gift cards for its program services.

NOTE T - 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 U - 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, 2024, were \$349,301.

HUNGER TASK FORCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE V - Advertising Costs

HTF uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the year ended September 30, 2024, was \$266,940.

NOTE W - 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, 2024, amounted to \$781,479. This amount is not reflected in the financial statements.

NOTE X - 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, 2024, 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 Y - Subsequent Events

Subsequent events were evaluated events occurring after September 30, 2024, through January 22, 2025, 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:

On October 3, 2024, Organization entered into a five-year finance lease agreement for three printers. Monthly payments are \$225.

**HUNGER TASK FORCE, INC.
SCHEDULE OF HUNGER RELIEF FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

BALANCE, BEGINNING OF YEAR		\$ 53,336
REVENUE		
City of Milwaukee	\$ 13,511	
Milwaukee County	3,550	
State Employees Combined Campaign	99,475	
Milwaukee Area Technical College	11,592	
Milwaukee Public Schools	20,355	
Other	23,555	
Total Revenue	172,038	172,038
EXPENSES		
Payments		
HTF Designations	\$ 19,874	
Payments to Other Organizations	160,675	
Total Expenses	180,549	180,549
BALANCE, END OF YEAR		\$ 44,825

HUNGER TASK FORCE, INC.
DHS COST REIMBURSEMENT AWARD SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

GRANT DHS Identification Number	TEFAP-HTFM 70011	TEFAP -Farm to Food Bank 435100-G24-TEFAPFARMBK-01	TEFAP-Reach and Resiliency	CSFP 154780	Senior Farmer Market Nutrition Program	SNAP Nutrition 154661	SNAP Outreach 445406		
AWARD AMOUNT	\$ 197,200	\$ 39,781	\$ 15,000	\$ 806,670	\$ 45,500	\$ 447,766	\$ 709,074		
AWARD PERIOD	10/1/2023-9/30/2024	10/1/2023-9/30/2024	1/1/2024-05/31/2024	10/1/2023-9/30/2024	1/1/2023-12/31/2023	10/1/2023-9/30/2024	10/1/2023-9/30/2024		Total
EXPENDITURES REPORTED TO DHS FOR PAYMENT									
Payment from DHS	\$ 197,200	\$ 39,781	\$ 10,974	\$ 806,670	\$ 17,500	\$ 447,766	\$ 709,074		\$ 2,228,965
Match							709,074		709,074
Total Expenditures Reported to DHS	\$ 197,200	\$ 39,781	\$ 10,974	\$ 806,670	\$ 17,500	\$ 447,766	\$ 1,418,148		\$ 2,938,039
TOTAL ALLOWABLE COSTS OF AWARD									
Salaries and Wages	\$ 160,547	\$ ---	\$ 9,084	\$ 551,935	\$ ---	\$ 263,303	\$ 1,047,932		\$ 2,032,801
Program Administration	16,802	---	---	80,188	---	---	---		96,990
Operations and Supplies	19,851	---	---	174,547	---	---	---		194,398
Materials	---	---	---	---	---	---	---		78,048
Translation and Design	---	---	---	---	---	2,257	---		2,257
Paid Educational Media	---	---	---	---	---	55,659	---		55,659
Copying and Printing	---	---	---	---	---	48,499	95,837		144,336
Food Purchases	---	39,781	---	---	17,500	---	---		57,281
Internet and Telephone	---	---	---	---	---	---	61,320		61,320
Equipment	---	---	---	---	---	---	10,366		10,366
Supplies	---	---	---	---	---	---	2,800		2,800
Building and Space	---	---	---	---	---	---	122,512		122,512
Other	---	---	---	---	---	---	71,660		71,660
Travel	---	---	1,890	---	---	---	5,721		7,611
Total Allowable Costs of Award	\$ 197,200	\$ 39,781	\$ 10,974	\$ 806,670	\$ 17,500	\$ 447,766	\$ 1,418,148		\$ 2,938,039
Expenditures Reported Less Allowable Costs	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---		\$ ---

HUNGER TASK FORCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/ State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal/State ALN Program Number	Pass-Through Entity Identifying Number	Expenditures	Subrecipients
FEDERAL ASSISTANCE				
The United States Department of Agriculture, Food and Nutrition Services				
Direct Federal Funding				
Wisconsin Department of Health Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435400-G24-FoodOutSer-01	\$ 709,074	\$ ---
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	435100-G24-3913458471-90	447,766	---
Total ALN 10.561/SNAP Cluster			<u>\$ 1,156,840</u>	<u>\$ ---</u>
Wisconsin Department of Health Services				
Commodity Supplemental Food Program	10.565	435100-G24-3913458471-90 X M1	\$ 806,670	\$ ---
Commodity Supplemental Food Program (Food Commodities)	10.565		3,896,213	3,555,371
Total ALN 10.565			<u>\$ 4,702,883</u>	<u>\$ 3,555,371</u>
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G24-3913458471-90 X1	\$ 197,200	
Emergency Food Assistance Program (Administrative Costs)	10.568	435100-G24-TEFAPFARMBK-01	39,781	
Emergency Food Assistance Program (Administrative Costs)	10.568		10,974	
Total ALN 10.568			<u>\$ 247,955</u>	
Wisconsin Department of Health Services				
Emergency Food Assistance Program (Food Commodities)	10.569		\$ 6,200,851	\$ 6,200,851
Total ALN 10.569			<u>\$ 6,200,851</u>	<u>\$ 6,200,851</u>
Total Food Distribution Cluster			<u>\$ 11,151,689</u>	<u>\$ 9,756,222</u>
Wisconsin Department of Health Services				
Senior Farmers Market Nutrition Program	10.576	435100-G23-SFMNBULK-00	\$ 17,500	\$ 12,260
Food Research & Action Center				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	238DC001M2003	\$ 131,987	
Wisconsin Department of Agriculture, Trade and Consumer Protection				
Pandemic Relief Activities: Local Food Purchase Agreements with State, Tribes and Local Governments	10.182	AM22LFPA0000C046	\$ 230,676	\$ 230,676
Total United States Department of Agriculture, Food and Nutrition Services			<u>\$ 12,688,692</u>	<u>\$ 9,999,158</u>
The United States Department of Housing and Urban Development				
Milwaukee County				
Community Development Block Grants/Entitlement Grants Cluster	14.218		\$ 94,500	
Community Development Block Grants/Entitlement Grants Cluster	14.218		165,000	
Total ALN 14.218/CDBG-Entitlement Grants Cluster			<u>\$ 259,500</u>	
The United States Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024		\$ 184,551	\$ 181,710
Total ALN 97.024			<u>\$ 184,551</u>	<u>\$ 181,710</u>
TOTAL FEDERAL EXPENDITURES				
			<u>\$ 13,132,743</u>	<u>\$ 10,180,868</u>
STATE EXPENDITURES				
Wisconsin Department of Agricultural, Trade and Consumer Protection				
Tribal Elder Food Box		TEFB 24-02	\$ 110,700	\$ 98,670
TOTAL STATE EXPENDITURES				
			<u>\$ 110,700</u>	<u>\$ 98,670</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, 2024

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*. 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, 2024, 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 22, 2025.

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 22, 2025

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, 2024. 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, 2024.

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.
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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 22, 2025

**HUNGER TASK FORCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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 #10.182 Pandemic Relief Activities: Local Food
Purchase Agreements with States, Tribes and Local Governments

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, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reported.