

CONGRESSIONAL HUNGER CENTER, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2023

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Independent Auditor's Report

To the Board of Directors
Congressional Hunger Center, Inc.
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Congressional Hunger Center, Inc. (a nonprofit organization), which comprise of 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 Congressional Hunger Center, 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 audit 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 Congressional Hunger Center, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Congressional Hunger Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Congressional Hunger Center, 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 Congressional Hunger Center, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards 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 March 18, 2024, on our consideration of Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, Inc.'s internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended September 30, 2023, Congressional Hunger Center, Inc. adopted new accounting guidance, Accounting Standards Update 2016-02, *Leases*, Topic 842, as amended. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements for the year ended September 30, 2022, were audited by a predecessor auditor. The predecessor auditor expressed an unmodified opinion. The date of the predecessor auditor's report is March 6, 2023.



Washington, DC
March 18, 2024

CONGRESSIONAL HUNGER CENTER, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS

CURRENT ASSETS

| | |
|-------------------------------------|---------------|
| Cash | \$ 1,192,665 |
| Grants and contributions receivable | 360,325 |
| Federal grants receivable | 109,503 |
| Prepaid expenses | <u>36,592</u> |
| Total Current Assets | 1,699,085 |

OTHER ASSETS

| | |
|-----------------------------|---------------|
| Property and equipment, net | 14,307 |
| Security deposits | <u>8,400</u> |
| Total Other Assets | <u>22,707</u> |

TOTAL ASSETS

\$ 1,721,792

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------|----------------|
| Accounts payable | \$ 42,042 |
| Accrued expenses | 47,872 |
| Grant advance | <u>494,617</u> |
| Total Current Liabilities | <u>584,531</u> |
| Total Liabilities | 584,531 |

NET ASSETS

| | |
|----------------------------|------------------|
| Without donor restrictions | 909,296 |
| With donor restrictions | <u>227,965</u> |
| Total Net Assets | <u>1,137,261</u> |

TOTAL LIABILITIES AND NET ASSETS

\$ 1,721,792

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

CONGRESSIONAL HUNGER CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|----------------------------------|-------------------------------|--------------|
| REVENUE AND SUPPORT | | | |
| Federal grants | \$ 2,391,339 | \$ - | \$ 2,391,339 |
| Site match contributions | 474,058 | - | 474,058 |
| Grants and contributions | 381,000 | 413,952 | 794,952 |
| Interest income | 23 | - | 23 |
| Other income | 16,695 | - | 16,695 |
| Net assets released from restrictions | 610,137 | (610,137) | - |
| Total Revenue and Support | 3,873,252 | (196,185) | 3,677,067 |
| EXPENSES | | | |
| Program Services: | | | |
| Emerson National Fellows | 1,476,712 | - | 1,476,712 |
| Leland International Fellows | 1,051,741 | - | 1,051,741 |
| Zero Hunger Academy | 286,770 | - | 286,770 |
| Alumni Engagement | 86,744 | - | 86,744 |
| Total Program Services | 2,901,967 | - | 2,901,967 |
| Support Services: | | | |
| Management and general | 847,008 | - | 847,008 |
| Fundraising | 67,994 | - | 67,994 |
| Total Support Services | 915,002 | - | 915,002 |
| Total Expenses | 3,816,969 | - | 3,816,969 |
| CHANGE IN NET ASSETS | 56,283 | (196,185) | (139,902) |
| NET ASSETS , beginning of year | 853,013 | 424,150 | 1,277,163 |
| NET ASSETS , end of year | \$ 909,296 | \$ 227,965 | \$ 1,137,261 |

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

**CONGRESSIONAL HUNGER CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023**

| | Program Services | | | | Support Services | | | | Total |
|--------------------------------------|--------------------------------|------------------------------------|---------------------------|----------------------|------------------------------|---------------------------|------------------|------------------------------|---------------------|
| | Emerson National Fellows | Leland International Fellows | Zero Hunger Academy | Alumni Engagement | Total Program Services | Management and General | Fundraising | Total Support Services | |
| Fellow stipends | \$ 928,581 | \$ 645,525 | \$ 87,600 | \$ - | \$ 1,661,706 | \$ - | \$ - | \$ - | \$ 1,661,706 |
| Salaries, benefits and payroll taxes | 305,421 | 226,129 | 123,446 | 35,551 | 690,547 | 600,195 | 33,554 | 633,749 | 1,324,296 |
| Professional services | 89,900 | 68,204 | 35,551 | 32,835 | 226,490 | 155,178 | 3,892 | 159,070 | 385,560 |
| Training and events | 90,560 | 63,382 | 20,200 | 2,225 | 176,367 | 13,087 | 22,930 | 36,017 | 212,384 |
| Travel | 26,049 | 19,557 | 8,204 | 12,008 | 65,818 | 5,134 | 6,119 | 11,253 | 77,071 |
| Rent | 13,825 | 10,660 | 4,850 | 1,637 | 30,972 | 29,324 | - | 29,324 | 60,296 |
| Dues and subscriptions | 9,096 | 7,014 | 3,471 | 1,077 | 20,658 | 19,294 | 280 | 19,574 | 40,232 |
| Insurance | 4,744 | 3,658 | 1,664 | 562 | 10,628 | 9,514 | 548 | 10,062 | 20,690 |
| Telephone | 6,463 | 5,571 | 1,056 | 356 | 13,446 | 6,385 | - | 6,385 | 19,831 |
| Office and supplies | 923 | 1,154 | 324 | 357 | 2,758 | 1,958 | 671 | 2,629 | 5,387 |
| Depreciation and amortization | 1,150 | 887 | 404 | 136 | 2,577 | 2,439 | - | 2,439 | 5,016 |
| Bad debt | - | - | - | - | - | 4,500 | - | 4,500 | 4,500 |
| Total Expense | <u>\$ 1,476,712</u> | <u>\$ 1,051,741</u> | <u>\$ 286,770</u> | <u>\$ 86,744</u> | <u>\$ 2,901,967</u> | <u>\$ 847,008</u> | <u>\$ 67,994</u> | <u>\$ 915,002</u> | <u>\$ 3,816,969</u> |

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

CONGRESSIONAL HUNGER CENTER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|--------------|
| Change in net assets | \$ (139,902) |
| Adjustments to reconcile changes in net assets to net cash | |
| Used for operating activities: | |
| Depreciation and amortization | 5,016 |
| (Increase) decrease in: | |
| Grants and contributions receivable | (278,459) |
| Federal grants receivable | (48,132) |
| Prepaid expenses | 28,801 |
| Increase (decrease) in: | |
| Accounts payable | 32,765 |
| Accrued expenses | 1,073 |
| Grant advance | (209,236) |
| Net Cash Used For Operating Activities | (608,074) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|---------|
| Purchases of property and equipment | (5,252) |
| Net Cash Used for Investing Activities | (5,252) |

NET CHANGE IN CASH (613,326)

CASH, beginning of year 1,805,991

CASH, end of year \$ 1,192,665

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

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

Organization

Congressional Hunger Center, Inc. (the “Center”) was founded by Representative Tony P. Hall, Chair of the former Select Committee on Hunger, after the Select Committee was eliminated by Congress on March 31, 1993. The Center was incorporated on August 23, 1993, as a District of Columbia non-profit corporation with the goal of keeping Congress and the general public focused on the problems and solutions to domestic and international hunger. Additionally, the Center fights hunger by developing anti-hunger leaders, particularly emerging leaders who will serve as the anti-hunger leaders of tomorrow.

The Center’s mission is to train and inspire leaders who work to end hunger, and advocate public policies that create a food-secured world. The Center is a leader in the movement to ensure access to food as a basic human right for all people. The Center creates and nurtures a community of innovative and inspiring leaders who act as change agents, bridging the gap between grassroots efforts and national and international public policy to provide access to nutritious, affordable and culturally appropriate food. These activities are funded primarily through federal grants, and corporate and individual grants and contributions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Center prepares its financial statements on the accrual method of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized when the related obligations are incurred.

Adoption of New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (Topic 842), as amended. FASB Accounting Standards Codification (“ASC”) 842 supersedes the lease requirements in FASB ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

The Center adopted FASB ASC Topic 842, with an initial application of October 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): *Targeted Improvements*. The Center did not restate prior comparative periods as presented under ASC Topic 842, and instead evaluated whether a cumulative effect adjustment to net assets as of October 1, 2022, was necessary for the adoption of FASB ASC Topic 842, of which there was none.

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

During the fiscal year 2023, the Center had a long-term lease for office space in which the total amount due on the remaining lease obligation was considered nominal, and therefore, monetarily insignificant. As a result, the office space lease was not recognized as an operating lease, right-of-use asset or lease liability that would otherwise have been reported on the statement of financial position as of September 30, 2023.

As part of the transition, the Center implemented new controls and key system functionality to enable the preparation of financial information at the time of the adoption of ASC Topic 842, and elected to apply the following practical expedients:

- a) No reassessment of whether any expired or existing contracts contain a lease.
- b) No reassessment of initial direct costs for any existing leases as of the effective date.
- c) In calculating the right-of-use assets and lease liability, the Center has elected to combine lease and non-lease components.
- d) As an accounting policy, the Center has elected to apply the short-term lease exception to all leases having initial terms of 12 months or less, and recognize occupancy expense on a straight-line basis over the lease term.
- e) As an accounting policy, the Center has also elected to use a risk-free rate as the discount rate for all of its leases.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958: *Not-for-Profit Entities*. In accordance with the topic, the Center is required to report information regarding its financial position and activities according to two classes of net assets.

Accordingly, the net assets of the Center and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed restrictions or stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the Center and/or the passage of time, or that must be maintained in perpetuity by the Center. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash

Cash is held in non-interest bearing bank deposit accounts and is insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. As of September 30, 2023, the balance exceeded the FDIC maximum insured limit by approximately \$927,000. The Center monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash.

Federal Grants, and Grants and Contributions Receivable

Federal grants, and grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of current receivables and historical collectability. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved.

As of September 30, 2023, management had determined that all significant receivables are collectible within one year or less; and therefore, an allowance for doubtful accounts was not deemed necessary.

Property and Equipment

Property and equipment with a cost of \$1,000 or more and a useful life of greater than one year, are capitalized and stated at cost, or, if donated, at fair value as of the date of donation. Expenditures for ordinary repairs and maintenance are charged to operations as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

The following is the estimated useful lives of property and equipment:

| | |
|-------------------------|---------|
| Computers and website | 3 years |
| Furniture and Equipment | 7 years |

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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.

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition (continued)

The Center receives funding under grants from agencies of the U.S. Federal Government, and other grantors for direct and indirect program costs. This funding is subject to conditions, which must be met through incurring qualified expenses for specific programs. Accordingly, such grants are considered conditional promises to give and are recorded as support without donor restrictions to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. The Center recognizes revenue when the conditions on which they depend are substantially met. Funding received in advance of services to be rendered are treated as a grant advance in the statement of financial position.

These federal grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. As of the beginning of the year ended September 30, 2023, grant advance totaled \$703,853.

The Center did not have any conditional promises to give as of September 30, 2023.

Site Match Contributions

Host organizations for Emerson Fellows, Leland Fellows, and Zero Hunger Internship are asked to make a non-refundable contribution (site match fee) to the Hunger Center to help defray the operating costs of running our respective programs. The host agreements ask that these contributions be made 30 days prior to the arrival of the fellow or intern at the host organization. The fee schedule for the Emerson and Leland Fellows was developed using a sliding scale to accommodate various organizational budget sizes. The fee schedule also takes into account the duration of the fellowship and internship (e.g. Zero Hunger Internship is a 10-week program and the Leland Fellowship is a two-year program). The fee schedules are included in the host organization application guides for each program and reviewed annually. Each host organization signs an agreement clarifying the non-refundable nature of the contribution. Federal agencies are not excepted to make a contribution when hosting fellows or interns.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or support function as management and general activities. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include rent and depreciation and amortization, which are allocated on a square footage basis, as well as salaries and related costs, which are allocated on the basis of time and effort expended.

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE C – INCOME TAXES

The Center is recognized as exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Center believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax provisions that are material to the financial statements or that would have an effect on its tax-exempt status. There were no unrecognized tax benefits or liabilities that needed to be recorded.

The Center's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Center's information returns for the years ended September 30, 2020 through 2022, are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The Center regularly monitors liquidity requirements to ensure that ongoing operating needs and other contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to the Center includes financial assets consisting of cash, grants and contributions receivable and federal grants receivable. In addition, the Center anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses.

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

The following table reflects the Center’s financial assets as of September 30, 2023, reduced by amounts that are not available to meet general expenditures within one year because of contractual restrictions.

| | |
|---|--------------|
| Cash | \$ 1,192,665 |
| Grants and contributions receivable | 360,325 |
| Federal grants receivable | 109,503 |
| Total Financial Assets | 1,662,493 |
| Less: net assets with donor restrictions | (227,965) |
| Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year | \$ 1,434,528 |

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30:

| | |
|---|-----------|
| Furniture and fixtures | \$ 8,196 |
| Computers and website | 37,328 |
| Total | 45,524 |
| Less: accumulated depreciation and amortization | (31,217) |
| Property and Equipment, net | \$ 14,307 |

Depreciation and amortization expense for the year ended September 30, 2023, totaled \$5,016.

NOTE F – LEASES

On February 10, 2021, the Center entered into an operating lease agreement for office space with WeWork. The lease term was for one year and two months, and commenced on October 1, 2022. The lease expired on November 30, 2023. The future minimum rental payments under this operating lease with WeWork for the year ended September 30, 2024, total \$11,200.

An amendment was made on August 3, 2023, whereby the Center would be leasing office space from WeWork on a month-to-month basis, therefore, future minimum rental payments under this amended lease agreement is not readily determinable. The terms of the lease include a service retainer fee in the amount of \$8,400, which is reflected as a security deposit on the statement of financial position as of the year ended September 30, 2023.

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(continued)

NOTE F – LEASES - continued

Rent expense in connection with the aforementioned lease for the year ended September 30, 2023, totaled \$60,296.

NOTE G – RETIREMENT PLAN

Congressional Hunger Center 401(k) Profit Sharing Plan and Trust (the “Plan”) was adopted by the Center to help employees save for retirement. All employees are eligible to participate in the Plan if they are at least 21 years of age and have completed one year of service. Employees of the Center eligible to participate in the Plan can defer up to the legal limits allowed by the Internal Revenue Code. The Center makes matching contributions on behalf of eligible employees at a rate of 3-4% of their compensation under the Plan. Retirement expenses for the year ended September 30, 2023, totaled \$32,439, and are included in salaries, benefits and payroll taxes reported on the statement of functional expenses.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of September 30:

| | |
|---|--------------------------|
| Emerson Fellows | \$ 178,943 |
| Zero Hunger | 47,855 |
| Kroger Alum | <u>1,167</u> |
| Total Net Asssets with Donor Restrictions | <u><u>\$ 227,965</u></u> |

NOTE I – CONCENTRATION OF RISK

The Center receives a significant portion of its funding from the U.S federal government. For the year ended September 30, 2023, approximately 65% of total revenue was provided from the U.S. federal government. Reduction of this source of support would have a significant impact on the Center’s programs and activities.

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, the Center’s management has evaluated events and transactions for potential recognition or disclosure through March 18, 2024, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.

**REPORTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE**



CERTIFIED PUBLIC ACCOUNTANTS

1730 Rhode Island Avenue, NW
Suite 800
Washington, DC 20036
(202) 296-3306
Fax: (202) 296-0059

**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
Congressional Hunger Center, Inc.
Washington, DC

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 Congressional Hunger Center, 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 March 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Congressional Hunger Center, 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 Congressional Hunger Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Congressional Hunger Center, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Congressional Hunger Center, 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, with which noncompliance 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 Congressional Hunger Center, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Congressional Hunger Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Washington, DC
March 18, 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
Congressional Hunger Center, Inc.
Washington, DC

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Congressional Hunger Center, 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 Congressional Hunger Center, Inc.'s major federal programs for the year ended September 30, 2023. Congressional Hunger Center, 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, Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, 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 Congressional Hunger Center, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 over compliance 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.



Washington, DC
March 18, 2024

CONGRESSIONAL HUNGER CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

| Federal Grantor/Pass-through Grantor/ Program or Cluster Title | Assistance Listing Number | Grant Identification Number | Total Federal Expenditures |
|---|---------------------------------|--------------------------------|-------------------------------|
| U.S. Department of Agriculture | | | |
| Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Programs | | | |
| National Hunger Fellows | 10.593 | USDA-FNS-CHC-23 | \$ 1,505,383 |
| National Hunger Fellows | 10.593 | USDA-FNS-CHC-22 | 703,853 |
| Total Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Programs | | | <u>2,209,236</u> |
| Total U.S. Department of Agriculture | | | <u>2,209,236</u> |
| U.S. Agency for International Development | | | |
| Foreign Assistance for Programs Overseas | | | |
| Mickey Leland International Hunger Fellowship: Developing Humanitarians to Fight Hunger Initiative | 98.001 | 720BHA21GR00116 | 155,424 |
| Total Foreign Assistance for Programs Overseas | | | <u>155,424</u> |
| Food for Peace Emergency Program | | | |
| Mickey Leland International Hunger Fellowship Nutrition Leadership Track | 98.008 | 720BHA23GR00353 | 26,679 |
| Total Food for Peace Emergency Program | | | <u>26,679</u> |
| Total U.S. Agency for International Development | | | <u>182,103</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 2,391,339</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CONGRESSIONAL HUNGER CENTER, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Congressional Hunger Center, Inc. under programs of the federal government for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Congressional Hunger Center, Inc., it is not intended and does not present the financial position, changes in net assets, or cash flows of Congressional Hunger Center, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Congressional Hunger Center, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CONGRESSIONAL HUNGER CENTER, 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 the financial statements | Unmodified |
| Internal control over financial reporting: Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Internal control over major programs: Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |

Major Programs:

| | |
|--|---|
| Name of Federal Programs or Clusters: | Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Programs |
| Assistance Listing Numbers: | 10.593 |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

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

**SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL
AWARDS**

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None