



CONGRESSIONAL HUNGER CENTER, INC.

Financial Statements

For the Year Ended September 30, 2019

(With Summarized Financial Information for the Year Ended September 30, 2018)



and

Report Thereon



**Reports Required in Accordance with the
Uniform Guidance**

For the Year Ended September 30, 2019



CONGRESSIONAL HUNGER CENTER, INC.

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For the Year Ended September 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Congressional Hunger Center, Inc. (the Center), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Congressional Hunger Center, Inc. as of September 30, 2019, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Center's 2018 financial statements, and in our report dated March 1, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on 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 (CFR) 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 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 February 24, 2020, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center'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 the Center's internal control over financial reporting and compliance.

Marcum LLP

Washington, DC
February 24, 2020

CONGRESSIONAL HUNGER CENTER, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2019

(With Summarized Financial Information as of September 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Cash | \$ 1,177,478 | \$ 1,100,031 |
| Grants and contributions receivable, net | 175,862 | 126,643 |
| Prepaid expenses | 39,796 | 22,662 |
| Property and equipment, net of accumulated depreciation of \$16,922 | 10,141 | 10,116 |
| Security deposits | <u>19,275</u> | <u>19,275</u> |
| TOTAL ASSETS | <u>\$ 1,422,552</u> | <u>\$ 1,278,727</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 68,564 | \$ 49,374 |
| Deferred revenue | 602,682 | 732,673 |
| Deferred rent | <u>-</u> | <u>2,731</u> |
| TOTAL LIABILITIES | <u>671,246</u> | <u>784,778</u> |
| Net Assets | | |
| Without donor restrictions | 576,796 | 422,059 |
| With donor restrictions | <u>174,510</u> | <u>71,890</u> |
| TOTAL NET ASSETS | <u>751,306</u> | <u>493,949</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,422,552</u> | <u>\$ 1,278,727</u> |

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

CONGRESSIONAL HUNGER CENTER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

(With Summarized Financial Information for the Year Ended September 30, 2018)

| | Without Donor Restrictions | With Donor Restrictions | 2019 Total | 2018 Total |
|--|-------------------------------|----------------------------|-------------------|-------------------|
| OPERATING SUPPORT AND REVENUE | | | | |
| Federal grants | \$ 2,311,200 | \$ - | \$ 2,311,200 | \$ 1,977,540 |
| Grants and contributions | 237,097 | 474,340 | 711,437 | 679,436 |
| Site match revenue | 320,999 | - | 320,999 | 288,940 |
| In-kind contributions | - | - | - | 177,035 |
| Net assets released from restrictions: | | | | |
| Satisfaction of program restrictions | 371,720 | (371,720) | - | - |
| TOTAL OPERATING SUPPORT AND REVENUE | 3,241,016 | 102,620 | 3,343,636 | 3,122,951 |
| OPERATING EXPENSES | | | | |
| Program Services: | | | | |
| Emerson National Fellows | 1,273,558 | - | 1,273,558 | 1,021,157 |
| Leland International Fellows | 992,116 | - | 992,116 | 843,281 |
| Zero Hunger Academy | 158,558 | - | 158,558 | 33,327 |
| Anti-Hunger Corps Summit | 2,369 | - | 2,369 | 25,913 |
| Total Program Services | 2,426,601 | - | 2,426,601 | 1,923,678 |
| Support Services: | | | | |
| General and administrative | 548,829 | - | 548,829 | 578,540 |
| Fundraising | 110,849 | - | 110,849 | 117,599 |
| Total Supporting Services | 659,678 | - | 659,678 | 696,139 |
| TOTAL OPERATING EXPENSES | 3,086,279 | - | 3,086,279 | 2,619,817 |
| Change in net assets from operations | 154,737 | 102,620 | 257,357 | 503,134 |
| NONOPERATING ACTIVITIES | | | | |
| Recoveries and other income, net of expenses | - | - | - | 158,075 |
| Net loss from lease termination | - | - | - | (5,611) |
| CHANGE IN NET ASSETS | 154,737 | 102,620 | 257,357 | 655,598 |
| NET ASSETS (DEFICIT), BEGINNING OF YEAR | 422,059 | 71,890 | 493,949 | (161,649) |
| NET ASSETS, END OF YEAR | \$ 576,796 | \$ 174,510 | \$ 751,306 | \$ 493,949 |

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

CONGRESSIONAL HUNGER CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

(With Summarized Financial Information for the Year Ended September 30, 2018)

| | Program Services | | | | Supporting Services | | | 2019 Total | 2018 Total | |
|--------------------------------------|--------------------------------|------------------------------------|---------------------------|--------------------------------|------------------------------|-------------------------------|-------------------|-------------------|---------------------|---------------------------------|
| | Emerson National Fellows | Leland International Fellows | Zero Hunger Academy | Anti-Hunger Corps Summit | Total Program Services | General and Administrative | Fundraising | | | Total Supporting Services |
| Fellow stipends | \$ 793,418 | \$ 582,845 | \$ - | \$ - | \$ 1,376,263 | \$ - | \$ - | \$ - | \$ 1,376,263 | \$ 1,055,443 |
| Salaries, benefits and payroll taxes | 234,039 | 241,429 | 58,254 | 1,680 | 535,402 | 345,257 | 63,586 | 408,843 | 944,245 | 845,765 |
| Professional services | 61,378 | 56,091 | 73,721 | 338 | 191,528 | 93,578 | - | 93,578 | 285,106 | 239,450 |
| Training and events | 75,706 | 50,882 | 1,380 | - | 127,968 | 4,051 | 43,921 | 47,972 | 175,940 | 161,853 |
| Occupancy | 33,702 | 33,357 | 8,407 | 265 | 75,731 | 58,408 | - | 58,408 | 134,139 | 140,425 |
| Travel and meetings | 60,919 | 14,233 | 11,077 | - | 86,229 | 10,127 | 480 | 10,607 | 96,836 | 78,787 |
| Dues and subscriptions | 6,195 | 5,573 | 4,079 | 34 | 15,881 | 6,262 | 1,212 | 7,474 | 23,355 | 9,285 |
| Bad debt | - | - | - | - | - | 21,400 | - | 21,400 | 21,400 | 16,500 |
| Insurance | 2,399 | 2,375 | 598 | 19 | 5,391 | 3,483 | 675 | 4,158 | 9,549 | 9,641 |
| Supplies and office expense | 2,899 | 2,403 | 443 | 14 | 5,759 | 2,576 | 499 | 3,075 | 8,834 | 26,250 |
| Telephone | 2,194 | 2,226 | 422 | 13 | 4,855 | 2,459 | 476 | 2,935 | 7,790 | 9,712 |
| Depreciation and amortization | 709 | 702 | 177 | 6 | 1,594 | 1,228 | - | 1,228 | 2,822 | 11,199 |
| Interest | - | - | - | - | - | - | - | - | - | 15,507 |
| TOTAL EXPENSES | \$ 1,273,558 | \$ 992,116 | \$ 158,558 | \$ 2,369 | \$ 2,426,601 | \$ 548,829 | \$ 110,849 | \$ 659,678 | \$ 3,086,279 | \$ 2,619,817 |

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

CONGRESSIONAL HUNGER CENTER, INC.

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2019

(With Summarized Financial Information for the Year Ended September 30, 2018)

| | 2019 | 2018 |
|---|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 257,357 | \$ 655,598 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Loss on disposal of property and equipment | - | 78,409 |
| Gain from early lease termination | - | (72,798) |
| Depreciation and amortization | 2,822 | 11,199 |
| Provision for bad debt | 11,250 | - |
| Changes in assets and liabilities: | | |
| Grants and contributions receivable | (60,469) | (53,610) |
| Prepaid expenses | (17,134) | 8,673 |
| Security deposits | - | (2,493) |
| Accounts payable and accrued expenses | 19,190 | 23,579 |
| Deferred revenue | (129,991) | 150,218 |
| Deferred rent | (2,731) | (3,828) |
| | 80,294 | 794,947 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (2,847) | (10,622) |
| | (2,847) | (10,622) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Principal repayments on note payable | - | (311,136) |
| | - | (311,136) |
| NET INCREASE IN CASH | 77,447 | 473,189 |
| CASH, BEGINNING OF YEAR | 1,100,031 | 626,842 |
| CASH, END OF YEAR | \$ 1,177,478 | \$ 1,100,031 |
| SUPPLEMENTAL INFORMATION | | |
| Interest paid for the year | \$ - | \$ 15,507 |

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

CONGRESSIONAL HUNGER CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2019

1. Organization and Summary of Significant Accounting Policies

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 mission 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-secure 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.

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recognized when obligations are incurred.

Receivables

The Center uses the allowance method to record potentially uncollectible grants and contributions receivable. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible.

Property and Equipment

Property and equipment with an original cost in excess of \$1,000 and a useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which range from three to five years. Expenditures for maintenance and repairs are charged to expenses as incurred. Upon the retirement or disposal of the assets, the cost and accumulated depreciation or amortization are eliminated from the accounts, and the resulting gain or loss is included in revenue and support or expenses.

Classification of Net Assets

The net assets of the Center are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the operations of the Center.
- Net assets with donor restrictions are specifically restricted by donors for various programs or future periods.

Continued

CONGRESSIONAL HUNGER CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Federal government grants that are cost-reimbursable in nature are recognized as revenue as the related expenditures are incurred. Cash received in excess of costs incurred is reflected as deferred revenue in the accompanying statement of financial position.

Grants and contributions are recognized as revenue in the period in which they are received or when unconditional promises to give are made. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated by the donor for specific purposes or are for future periods are reported as donor restricted revenue and support in the accompanying statement of activities. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are released from restrictions and reclassified to net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Functional Expenses

The costs of providing the Center's services and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributable to a specific functional area have been reported as an expense of that function. Salaries and benefits of employees as well as shared costs, such as occupancy, supplies and office expense and depreciation and amortization, are allocated based on time sheets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information presented about expenses and investment return. The Center has adjusted the presentation of these statements accordingly. The major changes of the ASU affecting the Center include (a) requiring the representation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of qualitative and quantitative information regarding the liquidity and availability of resources; and (c) incorporating the statement of functional expenses into the basic financial statements.

CONGRESSIONAL HUNGER CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

2. Grants and Contributions Receivable

Grants and contributions receivable consisted of the following as of September 30, 2019:

| | |
|---|-------------------|
| Foundation and corporation grants and contributions | \$ 164,425 |
| Federal grants | 22,308 |
| Other | <u>379</u> |
| Total Grants and Contributions Receivable | 187,112 |
| Less: Allowance for Doubtful Accounts | <u>(11,250)</u> |
| Grants and Contributions Receivable, Net | <u>\$ 175,862</u> |

All grants and contributions receivable are expected to be collected within one year.

3. Net Assets With Donor Restrictions

As of September 30, 2019, net assets with donor restrictions of \$174,510 was restricted to support the Emerson National Fellows program.

4. Commitments and Contingencies

Operating Lease

On December 26, 2017, the Center entered into a 13-month operating lease for office space effective January 1, 2018. The lease was renewed for an additional 12 month period through January 31, 2020. On December 13, 2019, the Center entered into an amendment to its current office lease to extend the term for 12 months through January 31, 2021. As of September 30, 2019, future minimum lease payments due under the lease totaled \$45,232 for the year ended September 30, 2020.

Concentration of Credit

The Center maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of September 30, 2019, the balance exceeded the FDIC maximum insured limit by approximately \$924,000. The Center monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

Major Grantor

The Center receives a large percentage of its funding through an appropriation from the federal government. This appropriation is administered by the U.S. Department of Agriculture (USDA) through a Food and Nutrition Service award. The Center recognized federal grants of \$2,311,200, which represents approximately 69% of the Center's total revenue and support for the year ended September 30, 2019.

CONGRESSIONAL HUNGER CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019**

4. Commitments and Contingencies (continued)

Compliance Audit

The Center has received federal grants that are subject to review, audit and adjustments by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursements to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time although the Center expects such amounts, if any, to be insignificant.

5. Retirement Plan

The Center adopted a salary deferral plan in accordance with Section 401(k) of the Internal Revenue Code (the IRC) (the Plan) whereby employees may elect to defer a portion of their annual salary. Employees who have completed at least one year of service and are at least 21 years of age are eligible to participate in the Plan. The Center makes matching contributions on behalf of eligible employees at a rate of 3%-4% of their compensation under the Plan. The Center contributed \$24,747 to the Plan for the year ended September 30, 2019.

6. Income Taxes

The Center is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the year ended September 30, 2019, no provision for income taxes was made, as the Center had no net unrelated business income.

The Center has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Center evaluated its uncertainty in income taxes for the year ended September 30, 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Center files tax returns are open for examination, however there are currently no examinations pending or in progress. It is the Center's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of September 30, 2019, the Center had no accruals for interest and/or penalties.

CONGRESSIONAL HUNGER CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019**

7. Liquidity and Availability of Resources

The Center's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

| | |
|---|---------------------|
| Financial assets at year-end: | |
| Cash | \$ 1,177,478 |
| Grants and contributions receivable | <u>175,862</u> |
| Total Financial Assets Available | 1,353,340 |
| Less amounts not available to be used within one year: | |
| Amount unavailable for general expenditures within one year due to donor's purpose restriction | <u>(174,510)</u> |
| Financial Assets Available to Meet General Expenditures Within One Year | <u>\$ 1,178,830</u> |

The Center structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To manage liquidity, the Center retains excess working capital in its checking account in order to be able to fund future operating expenses. Collections of grant funds occur throughout the year and are normally in advance of the programmatic activity taking place. The Center can adjust the timing of disbursements when necessary.

8. Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

9. Subsequent Events

In preparing these financial statements, the Center's management has evaluated events and transactions for potential recognition or disclosure through February 24, 2020, the date the financial statements were available to be issued. Except as noted in Note 4 related to lease amendment, there were no other subsequent events that require recognition or disclosure in the financial statements.

**INDEPENDENT AUDITORS' 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 of
Congressional Hunger Center, 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 Congressional Hunger Center, Inc. (the Center), which comprise the statement of financial position as of September 30, 2019, 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 February 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the 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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Marcum LLP

Washington, DC
February 24, 2020

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Congressional Hunger Center, Inc.'s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended September 30, 2019. The Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Washington, DC
February 24, 2020

CONGRESSIONAL HUNGER CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|---------------------------|--|---------------------------------------|----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Programs | 10.593 | N/A | \$ - | \$ 2,131,078 |
| TOTAL DEPARTMENT OF AGRICULTURE | | | - | 2,131,078 |
| U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | N/A | - | 22,308 |
| <i>Pass-Through from Action Against Hunger, USA</i> USAID Foreign Assistance for Programs Overseas | 98.001 | 01B3P | - | 157,814 |
| Total CFDA 98.001 – USAID Foreign Assistance for Programs Overseas | | | - | 180,122 |
| TOTAL U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT | | | - | 180,122 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ - | \$ 2,311,200 |

See accompanying notes to this schedule.

CONGRESSIONAL HUNGER CENTER, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Center under programs of the federal government for the year ended September 30, 2019. The information on the SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

2. Basis of Accounting

Expenditures reported on the SEFA 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 expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Center has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CONGRESSIONAL HUNGER CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether financial statements audited were prepared in accordance with GAAP:

 X Unmodified Qualified
 Adverse Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditors’ report issued on compliance for major program(s):

 X Unmodified Qualified
 Adverse Disclaimer

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)? Yes X No

Identification of Major Program:

| <u>CFDA #/Grant Number</u> | <u>Program Title</u> |
|----------------------------|--|
| 10.593 | Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Programs |

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

Auditee qualified as a low-risk auditee? Yes X No

CONGRESSIONAL HUNGER CENTER, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019**

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None required to be reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None required to be reported.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

Financial Statement Audit Findings

None required to be reported.

Major Federal Award Programs Audit Findings and Questioned Costs

Finding No. 2018-001, CFDA # 10.593: Significant Deficiency – Suspension and Debarment – Internal Control and Compliance Finding – was remediated.