



# **CONGRESSIONAL HUNGER CENTER, INC.**

## **Financial Statements**

*For the Year Ended September 30, 2020*

*(With Summarized Financial Information for the Year Ended September 30, 2019)*



**and**

**Report Thereon**



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

*For the Year Ended September 30, 2020*



CONGRESSIONAL HUNGER CENTER, INC.

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For the Year Ended September 30, 2020

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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, 2020, 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.

Continued

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## **Opinion**

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of Congressional Hunger Center, Inc. as of September 30, 2020, 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 2019 financial statements, and in our report dated February 24, 2020, 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, 2019, 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 26, 2021, 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 26, 2021

CONGRESSIONAL HUNGER CENTER, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2020

(With Summarized Financial Information as of September 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 655,937	\$ 1,177,478
Grants and contributions receivable, net	281,860	175,862
Prepaid expenses	32,842	39,796
Property and equipment, net of accumulated depreciation of \$18,912	10,263	10,141
Security deposits	<u>19,275</u>	<u>19,275</u>
 TOTAL ASSETS	 <u>\$ 1,000,177</u>	 <u>\$ 1,422,552</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 72,772	\$ 68,564
Grant advance	<u>3,362</u>	<u>602,682</u>
 TOTAL LIABILITIES	 <u>76,134</u>	 <u>671,246</u>
 Net Assets		
Without donor restrictions	762,312	576,796
With donor restrictions	<u>161,731</u>	<u>174,510</u>
 TOTAL NET ASSETS	 <u>924,043</u>	 <u>751,306</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,000,177</u>	 <u>\$ 1,422,552</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, 2020**

**(With Summarized Financial Information for the Year Ended September 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>OPERATING SUPPORT AND REVENUE</b>				
Federal grants	\$ 2,265,698	\$ -	\$ 2,265,698	\$ 2,311,200
Grants and contributions	265,588	429,651	695,239	711,437
Site match revenue	338,722	-	338,722	320,999
Net assets released from restrictions:				
Satisfaction of program restrictions	442,430	(442,430)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>3,312,438</b>	<b>(12,779)</b>	<b>3,299,659</b>	<b>3,343,636</b>
<b>OPERATING EXPENSES</b>				
Program Services:				
Emerson National Fellows	1,380,673	-	1,380,673	1,273,558
Leland International Fellows	882,848	-	882,848	992,116
Zero Hunger Academy	190,300	-	190,300	158,558
Anti-Hunger Corps Summit	-	-	-	2,369
<b>Total Program Services</b>	<b>2,453,821</b>	<b>-</b>	<b>2,453,821</b>	<b>2,426,601</b>
Support Services:				
General and administrative	576,159	-	576,159	548,829
Fundraising	96,942	-	96,942	110,849
<b>Total Supporting Services</b>	<b>673,101</b>	<b>-</b>	<b>673,101</b>	<b>659,678</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,126,922</b>	<b>-</b>	<b>3,126,922</b>	<b>3,086,279</b>
<b>CHANGE IN NET ASSETS</b>	185,516	(12,779)	172,737	257,357
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>576,796</b>	<b>174,510</b>	<b>751,306</b>	<b>493,949</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 762,312</b>	<b>\$ 161,731</b>	<b>\$ 924,043</b>	<b>\$ 751,306</b>

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, 2020**

**(With Summarized Financial Information for the Year Ended September 30, 2019)**

	Program Services			Supporting Services			2020 Total	2019 Total	
	Emerson National Fellows	Leland International Fellows	Zero Hunger Academy	Total Program Services	General and Administrative	Fundraising			Total Supporting Services
Fellow stipends	\$ 908,818	\$ 501,645	\$ 68,387	\$ 1,478,850	\$ -	\$ -	\$ -	\$ 1,478,850	\$ 1,437,663
Salaries, benefits and payroll taxes	259,440	235,872	85,628	580,940	380,060	72,480	452,540	1,033,480	944,245
Professional services	55,125	47,036	15,239	117,400	101,234	15,215	116,449	233,849	223,706
Occupancy	37,271	32,394	12,080	81,745	64,016	-	64,016	145,761	134,139
Training and events	68,790	35,744	2,091	106,625	4,411	4,220	8,631	115,256	175,940
Travel and meetings	31,431	15,119	1,659	48,209	1,426	402	1,828	50,037	96,836
Dues and subscriptions	10,674	7,439	2,652	20,765	11,717	2,335	14,052	34,817	23,355
Insurance	3,666	3,186	1,188	8,040	5,250	1,046	6,296	14,336	9,549
Telephone	2,403	2,352	632	5,387	3,347	524	3,871	9,258	7,790
Supplies and office expense	2,184	1,304	462	3,950	2,452	720	3,172	7,122	8,834
Depreciation and amortization	871	757	282	1,910	1,496	-	1,496	3,406	2,822
Bad debt	-	-	-	-	750	-	750	750	21,400
<b>TOTAL EXPENSES</b>	<b>\$ 1,380,673</b>	<b>\$ 882,848</b>	<b>\$ 190,300</b>	<b>\$ 2,453,821</b>	<b>\$ 576,159</b>	<b>\$ 96,942</b>	<b>\$ 673,101</b>	<b>\$ 3,126,922</b>	<b>\$ 3,086,279</b>

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, 2020

(With Summarized Financial Information for the Year Ended September 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 172,737	\$ 257,357
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,406	2,822
Provision for bad debt	(11,250)	11,250
Changes in assets and liabilities:		
Grants and contributions receivable	(94,748)	(60,469)
Prepaid expenses	6,954	(17,134)
Accounts payable and accrued expenses	4,208	19,190
Grant advance	(599,320)	(129,991)
Deferred rent	-	(2,731)
	<u>(518,013)</u>	<u>80,294</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(3,528)</u>	<u>(2,847)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,528)</u>	<u>(2,847)</u>
NET INCREASE (DECREASE) IN CASH	(521,541)	77,447
CASH, BEGINNING OF YEAR	<u>1,177,478</u>	<u>1,100,031</u>
CASH, END OF YEAR	<u>\$ 655,937</u>	<u>\$ 1,177,478</u>

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, 2020

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### 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.

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# CONGRESSIONAL HUNGER CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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

#### **Revenue Recognition**

The Center has grants with U.S. government agencies. Revenue from these grants are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue from these U.S. government grants is recognized when the Center has incurred expenditures in compliance with the specific grant provisions plus allowable indirect expenses. Revenue recognized on these grants for which billings have not been presented to, or collected from, the awarding agencies is included in grants and contributions receivable in the accompanying statement of financial position. Amounts received in advance are recorded as grant advance in the accompanying statement of financial position.

Unconditional grants and contributions are recognized as revenue in the period in which payments are received and/or unconditional promises to give are made. Grants and contributions are considered to be without donor restrictions unless specifically restricted by the donor. The Center reports such contributions as having donor restrictions if they are received with donor stipulations that limit the use of the contribution. 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. 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. Unconditional grants and contributions that have been awarded to the Center, but not yet received, are reflected as grants and contributions receivable in the accompanying statement of financial position. A contribution is considered conditional if the agreement includes a measurable of performance or barrier and a right of return. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are met. Conditional promises to give for which payments have been received but barrier(s) have not been met are recorded as grant advance in the accompanying statement of financial position. During the year ended September 30, 2020, the Center received funding under the Payroll Protection Program (PPP) and has elected to record the note proceeds as a conditional contribution pursuant to FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*.

#### **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.

# CONGRESSIONAL HUNGER CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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

#### **New Accounting Pronouncements**

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Center adopted ASU 2014-09 and related amendments on October 1, 2019, using the modified retrospective method and elected to apply the standard only to program service contracts that were not completed as of that date. The adoption of the standard did not impact the Center's results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as an exchange (reciprocal transactions), subject to other guidance, and determining whether a contribution is conditional. The Center adopted ASU 2018-08 on October 1, 2019, using the modified prospective basis and the adoption of the standard did not result in a material change to the financial statements or the timing of revenue recognition for the Center's contributions.

### 2. Grants and Contributions

Grants and contributions receivable consisted of the following as of September 30, 2020:

Federal grants	\$ 151,293
Other grants and contributions	130,200
Other	<u>367</u>
Grants and Contributions Receivable, Net	<u>\$ 281,860</u>

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

During the year ended September 30, 2020, the Center received conditional grants totaling \$5,006,478, which require certain milestones and/or the incurrence of qualifying expenditures to be incurred prior to revenue recognition. During the year ended September 30, 2020, the Center recognized \$2,604,420 under these awards, including \$145,327 of PPP loan proceeds as management believes the associated conditions were substantially met during the year ended September 30, 2020, and management intends to file for loan forgiveness with its lender subsequent to year end. The receipt of the PPP loan proceeds, along with the subsequent noncash recognition of support upon the conditions being met, is reflected in cash flows from operating activities in the accompanying statement of cash flows. As of September 30, 2020, the Center had not yet recognized \$856,320 under these awards as associated milestones and/or qualifying expenditures had not yet been completed or incurred.

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**CONGRESSIONAL HUNGER CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2020**

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3. Net Assets With Donor Restrictions

As of September 30, 2020, net assets with donor restrictions were restricted for the following:

Emerson National Fellows	\$ 142,110
Zero Hunger Initiative	<u>19,621</u>
Total Net Assets With Donor Restrictions	<u>\$ 161,731</u>

4. Commitments and Contingencies

**Risk and Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Center has been able to continue operations virtually; however, at this point, the extent to which COVID-19 will impact the Center's financial condition or results of operations is necessarily uncertain. Management and the Board are continuously engaged in strategic and generative discussion to develop methods of providing the Center's programs under alternative operating scenarios.

**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. In February 2021, the Center signed a lease amendment to extend the lease term through September 30, 2021. As of September 30, 2020, future minimum lease payments due under the lease totaled \$47,652 for the year ended September 30, 2021.

**Concentration of Credit**

The Center maintains its cash 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, 2020, the balance exceeded the FDIC maximum insured limit by approximately \$394,000. The Center monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash.

**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 through a Food and Nutrition Service award. The Center recognized federal grants of \$2,110,371, which represents approximately 64% of the Center's total revenue and support for the year ended September 30, 2020.

## CONGRESSIONAL HUNGER CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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#### 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 \$28,201 to the Plan for the year ended September 30, 2020.

#### 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 IRC. For the year ended September 30, 2020, 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 FASB 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, 2020, 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, 2020, the Center had no accruals for interest and/or penalties.

**CONGRESSIONAL HUNGER CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2020**

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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	\$ 655,937
Grants and contributions receivable	<u>281,860</u>
Total Financial Assets Available	937,797
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>(161,731)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 776,066</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, 2019, from which the summarized information was derived.

9. Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation.

10. Subsequent Events

In preparing these financial statements, the Center's management has evaluated events and transactions for potential recognition or disclosure through February 26, 2021, 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, 2020, 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 26, 2021.

**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) 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 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.

Continued  
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## **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 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.

*Marcum LLP*

Washington, DC  
February 26, 2021



**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, 2020. 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.

Continued

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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, 2020.

### **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 26, 2021

CONGRESSIONAL HUNGER CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Programs	10.593	N/A	\$ -	\$ 1,951,314
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			-	1,951,314
<b>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</b>				
USAID Foreign Assistance for Programs Overseas	98.001	N/A	-	159,057
<b>TOTAL U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</b>			-	159,057
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 2,110,371

See accompanying notes to this schedule.

**CONGRESSIONAL HUNGER CENTER, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2020**

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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, 2020. 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, 2020

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:

CFDA #/Grant Number

10.593

Program Title

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?     X  Yes         No

CONGRESSIONAL HUNGER CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2020

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(continued)

**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**

None required to be reported.