

**THE FOODBANK OF MONMOUTH AND
OCEAN COUNTIES, INC. DBA: FULFILL**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The FoodBank of Monmouth and Ocean Counties, Inc. dba: Fulfill
Neptune, New Jersey

We have audited the accompanying financial statements of The FoodBank of Monmouth and Ocean Counties, Inc. dba: Fulfill, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Board of Trustees
The FoodBank of Monmouth and Ocean Counties, Inc. dba: Fulfill

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The FoodBank of Monmouth and Ocean Counties, Inc. dba: Fulfill as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
February 28, 2022

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,914,732	\$ 4,145,992
Cash and Cash Equivalents - Restricted for B.E.A.T. Center	243,414	192,758
Total Cash and Cash Equivalents	8,158,146	4,338,750
Accounts Receivable, Net	6,800	46,122
Investments	10,927,971	6,268,974
Inventory	2,478,372	1,261,555
Grants Receivable	56,002	86,850
Prepaid Expenses	-	81,319
Current Portion of Unconditional Promises to Give	50,833	105,000
Total Current Assets	21,678,124	12,188,570
PROPERTY AND EQUIPMENT, NET	1,816,559	2,248,265
UNCONDITIONAL PROMISES TO GIVE, NET	25,958	254,058
SECURITY DEPOSIT	14,000	14,000
Total Assets	\$ 23,534,641	\$ 14,704,893
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 282,974	\$ 466,519
Agency Funds	-	59,500
Total Current Liabilities	282,974	526,019
PAYCHECK PROTECTION PROGRAM LOAN	-	631,413
Total Liabilities	282,974	1,157,432
NET ASSETS		
Without Donor Restrictions:		
Undesignated	6,411,454	6,464,289
Board Designated Operating Reserves For:		
Capital Expenditures	1,000,000	650,000
Disaster Relief	6,120,000	2,120,000
Food Purchases	8,505,000	3,770,000
Total Net Assets Without Donor Restrictions	22,036,454	13,004,289
With Donor Restrictions	1,215,213	543,172
Total Net Assets	23,251,667	13,547,461
Total Liabilities and Net Assets	\$ 23,534,641	\$ 14,704,893

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributed Goods	\$ 16,833,879	\$ -	\$ 16,833,879	\$ 18,728,542	\$ -	\$ 18,728,542
Contributions	7,508,720	115,127	7,623,847	5,893,668	931,680	6,825,348
Grants	12,471,659	1,117,713	13,589,372	5,588,444	-	5,588,444
Fundraising Events	1,431,727	-	1,431,727	1,472,774	-	1,472,774
Food Distribution Revenue	241,595	-	241,595	334,517	-	334,517
Contributed Services and Equipment Program, Other	101,717	-	101,717	74,108	-	74,108
	16,085	-	16,085	75,598	-	75,598
Investment Income	1,833,130	-	1,833,130	415,997	-	415,997
Net Assets Released from Restrictions	560,799	(560,799)	-	472,370	(472,370)	-
Total Support and Revenue	<u>40,999,311</u>	<u>672,041</u>	<u>41,671,352</u>	<u>33,056,018</u>	<u>459,310</u>	<u>33,515,328</u>
EXPENSES						
Program Services	29,585,642	-	29,585,642	29,393,819	-	29,393,819
Support Services:						
Management and General	1,374,591	-	1,374,591	1,279,773	-	1,279,773
Fundraising	1,638,326	-	1,638,326	1,275,162	-	1,275,162
Total Support Services	<u>3,012,917</u>	<u>-</u>	<u>3,012,917</u>	<u>2,554,935</u>	<u>-</u>	<u>2,554,935</u>
Total Expenses	<u>32,598,559</u>	<u>-</u>	<u>32,598,559</u>	<u>31,948,754</u>	<u>-</u>	<u>31,948,754</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	8,400,752	672,041	9,072,793	1,107,264	459,310	1,566,574
OTHER INCOME						
Paycheck Protection Program Loan Forgiveness	631,413	-	631,413	-	-	-
CHANGE IN NET ASSETS	9,032,165	672,041	9,704,206	1,107,264	459,310	1,566,574
Net Assets - Beginning of Year	<u>13,004,289</u>	<u>543,172</u>	<u>13,547,461</u>	<u>11,897,025</u>	<u>83,862</u>	<u>11,980,887</u>
NET ASSETS - END OF YEAR	<u>\$ 22,036,454</u>	<u>\$ 1,215,213</u>	<u>\$ 23,251,667</u>	<u>\$ 13,004,289</u>	<u>\$ 543,172</u>	<u>\$ 13,547,461</u>

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services		
	Emergency Food Distribution (Alleviating Hunger)	Other Programs (Building Food Security)	Total Program Expenses	Management and General	Fundraising	Total
Salaries and Wages	\$ 1,369,350	\$ 635,731	\$ 2,005,081	\$ 801,258	\$ 520,239	\$ 3,326,578
Benefits	301,925	171,612	473,537	205,279	54,987	733,803
Payroll Taxes	114,045	55,343	169,388	54,516	44,410	268,314
Total Salaries, Wages, and Related Expenses	1,785,320	862,686	2,648,006	1,061,053	619,636	4,328,695
Advertising	-	40,180	40,180	-	84,895	125,075
Agencies Assistance	65,112	-	65,112	-	-	65,112
Bad Debt	-	-	-	4,301	-	4,301
Computer Expense	67,227	68,638	135,865	4,226	19,807	159,898
Conferences, Meetings, and Travel	10,731	16,454	27,185	6,450	7,656	41,291
Contributed Services	-	102,748	102,748	-	45,798	148,546
Culinary Program	-	95,958	95,958	-	-	95,958
Depreciation	351,698	203,838	555,536	9,679	19,278	584,493
Direct Mail	-	24,105	24,105	-	417,944	442,049
Equipment Leases	2,132	1,744	3,876	216	427	4,519
Fees, Permits, and License	2,065	2,747	4,812	147,353	39,771	191,936
Food Distributed	15,006,587	-	15,006,587	-	-	15,006,587
Food Purchases and Distribution	9,385,028	-	9,385,028	-	-	9,385,028
Insurance	57,051	46,686	103,737	5,781	11,430	120,948
Office Expense	42,981	29,302	72,283	5,275	31,434	108,992
Outside Services	47,399	4,672	52,071	561	1,458	54,090
Postage	14,989	12,351	27,340	4,861	6,935	39,136
Printing and Newsletter	1,485	15,052	16,537	2,569	31,039	50,145
Professional Fees	32,206	53,990	86,196	108,824	140,034	335,054
Rent	103,632	127,792	231,424	2,352	3,136	236,912
Repairs and Maintenance	188,267	13,112	201,379	464	914	202,757
Special Events	1,944	-	1,944	-	142,936	144,880
Supplies	87,610	69,518	157,128	3,881	7,426	168,435
Temporary Employment	37,253	110,284	147,537	3,775	-	151,312
Transportation and Freight	179,862	-	179,862	-	-	179,862
Utilities and Telephone	91,983	90,304	182,287	2,970	6,372	191,629
Warehouse Expense	30,919	-	30,919	-	-	30,919
Total Functional Expenses	\$ 27,593,481	\$ 1,992,161	\$ 29,585,642	\$ 1,374,591	\$ 1,638,326	\$ 32,598,559

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services		
	Emergency Food Distribution (Alleviating Hunger)	Other Programs (Building Food Security)	Total Program Expenses	Management and General	Fundraising	Total
Salaries and Wages	\$ 1,127,460	\$ 835,177	\$ 1,962,637	\$ 676,270	\$ 396,248	\$ 3,035,155
Benefits	297,776	181,875	479,651	119,592	51,092	650,335
Payroll Taxes	99,565	69,837	169,402	47,176	30,169	246,747
Total Salaries, Wages, and Related Expenses	1,524,801	1,086,889	2,611,690	843,038	477,509	3,932,237
Advertising	-	-	-	122,698	111,475	234,173
Agencies Assistance	1,529,710	-	1,529,710	-	-	1,529,710
Assistance to BEAT Center Partner	-	19,274	19,274	-	-	19,274
Bad Debt	-	-	-	70,000	-	70,000
Computer Expense	67,331	80,522	147,853	13,476	23,912	185,241
Conferences, Meetings, and Travel	18,498	27,336	45,834	4,839	6,174	56,847
Contributed Services	-	74,108	74,108	-	-	74,108
Culinary Program	-	161,168	161,168	-	-	161,168
Depreciation	317,886	197,507	515,393	8,937	17,572	541,902
Direct Mail	-	52,170	52,170	-	459,040	511,210
Equipment Leases	425	347	772	43	85	900
Fees, Permits, and License	771	631	1,402	186,703	13,541	201,646
Food Distributed	18,852,162	-	18,852,162	-	-	18,852,162
Food Purchases and Distribution	3,833,512	-	3,833,512	-	-	3,833,512
Insurance	1,740	129,461	131,201	109	145	131,455
Office Expense	46,345	24,306	70,651	6,668	62,324	139,643
Outside Services	40,089	3,312	43,401	397	1,033	44,831
Postage	10,173	8,151	18,324	1,308	5,344	24,976
Printing and Newsletter	1,970	8,266	10,236	1,680	12,006	23,922
Professional Fees	91,991	89,350	181,341	8,039	16,003	205,383
Rent	40,320	121,800	162,120	2,520	3,360	168,000
Repairs and Maintenance	179,387	14,956	194,343	513	996	195,852
Special Events	3,051	424	3,475	-	41,927	45,402
Supplies	73,616	61,233	134,849	3,275	6,377	144,501
Temporary Employment	53,840	96,151	149,991	1,872	8,798	160,661
Transportation and Freight	211,620	-	211,620	-	-	211,620
Utilities and Telephone	112,786	87,253	200,039	3,658	7,541	211,238
Warehouse Expense	37,180	-	37,180	-	-	37,180
Total Functional Expenses	\$ 27,049,204	\$ 2,344,615	\$ 29,393,819	\$ 1,279,773	\$ 1,275,162	\$ 31,948,754

See accompanying Notes to Financial Statements.

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 9,704,206	\$ 1,566,574
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	584,493	541,902
Forgiveness of Paycheck Protection Program Loan	(631,413)	
Net Unrealized and Realized Gains on Investments	(1,621,803)	(251,017)
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	39,322	(4,474)
Inventory	(1,216,817)	435,521
Grants Receivable	30,848	(11,451)
Prepaid Expenses	81,319	(41,887)
Current Portion of Unconditional Promises to Give, Net	54,167	(68,645)
Accounts Payable and Accrued Expenses	(183,545)	76,233
Deferred Revenue	-	(5,693)
Agency Funds	(59,500)	(10,680)
Noncurrent Portion of Unconditional Promises to Give, Net	228,100	95,764
Net Cash Provided by Operating Activities	7,009,377	2,322,147
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(152,787)	(333,045)
Net (Purchases) Sales of Investments	(3,037,194)	344,363
Net Cash Provided (Used) by Investing Activities	(3,189,981)	11,318
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	-	631,413
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,819,396	2,964,878
Cash and Cash Equivalents - Beginning of Year	4,338,750	1,373,872
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,158,146	\$ 4,338,750

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The FoodBank of Monmouth and Ocean Counties, Inc. dba: Fulfill (Fulfill, or the Organization) is a New Jersey nonprofit corporation incorporated in 1984. As Fulfill, the Organization mobilizes the entire community with a comprehensive approach to efficiently fight and win against hunger.

Fulfill's base of activities is at its main location, 3300 Route 66, Neptune, New Jersey, as well as its satellite location at the B.E.A.T. Center, 1769 Hooper Avenue, Toms River, New Jersey. The acronym stands for Bringing Everyone All Together, and is the result of collaboration between Fulfill, Inspire NJ (dba: People's Pantry) and the JBJ Soul Kitchen. The mission of Fulfill is to alleviate hunger and build food security in Monmouth and Ocean Counties, New Jersey. Fulfill envisions Monmouth and Ocean Counties as a food secure community where all people at all times have access to enough nutritious food to maintain an active and healthy life. Fulfill is a member of Feeding America, the nation's food bank network.

Nature of Activities

Key activities of Fulfill include the following:

Food Distribution

Fulfill acquires nutritious food for distribution to families in need in Monmouth and Ocean Counties. Fulfill primarily delivers nutritious food through a network of charitable agencies, our mobile pantries, and Kids' Feeding Programs. Sources of donated food include local food donations, national donations through Feeding America, and government food such as The Emergency Food Assistance Program (TEFAP). Fulfill supplements donated food and products with specific grocery items purchased through a small bulk co-op program, as well as purchases made with funding from the State Food Purchase Program and other funding.

Fulfill also prepares meals for 300 children in afterschool programs and participates in the Summer Food Service Program, sponsoring the provision of breakfasts and/or lunches to over 1,000 children in low income areas attending summer programs.

Reducing the Need

In addition to food distribution, Fulfill identifies opportunities and resources designed to reduce the need and keep our families' food secure.

The Culinary Training Program provides hands-on training in an onsite production kitchen for underprivileged adults in need of permanent employment. The program helps men and women become self-sufficient by providing the skills they need to obtain better-paying jobs and operates out of both Neptune and Toms River locations. The Culinary Training Program helps prepare hot meals for the after-school and summer food programs.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Activities (Continued)

Reducing the Need (Continued)

Fulfill assists households to access benefits and resources that will help them address the budget shortfall which can cause hunger and prevent food security. Resources include but are not limited to outreach and application assistance for Supplemental Nutrition Assistance Program (SNAP), free tax assistance through the Volunteer Income Tax Assistance (VITA) and as navigators in applying for health insurance under the Affordable Care Act and Medicaid/NJ Family Care. Activities are conducted locally and at as many as 25 community sites each month.

Awareness and Engagement

Fulfill also promotes awareness of hunger and the solutions available through campaigns and other activities including:

Community Volunteer Garden Program helps adults and youth grow fresh produce as a community service.

Children's Education Programs enable youth groups to visit Fulfill to learn about hunger, its causes, and solutions, or display their works in an Art Gallery depicting important social themes such as hunger and volunteerism.

Volunteer Program provides community service opportunities for businesses, civic groups, schools, and individuals.

Classification of Net Assets

Resources in the accompanying financial statements are classified for accounting and reporting purposes reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the *Financial Statements of Not-for-Profit Organizations* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions

A portion of net assets is not subject to donor-imposed restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Undesignated

Net assets that are not subject to donor-imposed stipulations.

Board-Designated Net Assets

Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase, or construction of fixed assets, or other uses.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions

A portion of net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time or specifically for a purpose. When a restriction expires, net assets are reclassified to net assets without donor restrictions as a satisfaction of a purpose or time restriction and reported in the statement of activities as a release from restrictions.

For the years ended June 30, 2021 and 2020, net assets with donor restrictions amounted to \$1,215,213 and \$543,172, respectively.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets satisfaction of restrictions.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, support, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

Management considers all highly liquid debt instruments purchased with a maturity of one year or less and money market accounts to be cash equivalents.

Pursuant to Feeding America's contract, a member organization shall have demonstrated unrestricted cash reserves equal to or greater than an average quarter's cash operating expenses.

Credit Risk Arising from Cash Deposits in Excess of Insured Limits

Fulfill maintains cash balances at various financial institutions, in which deposits are insured by a federal agency up to \$250,000. At various times, cash balances at these institutions may exceed the insurance limits. Fulfill monitors these banks and believes the risk of loss to be minimal.

Accounts Receivable, Net

Accounts and grants receivable are stated at the amount management expects to collect from outstanding accounts. The allowance was assessed at \$-0- for the years ended June 30, 2021 and 2020. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values as determined by quoted market prices or cost, when such cost approximates fair value. Certificates of deposit are recorded at cost plus interest which approximates fair value and were \$607,685 and \$107,077 for the years ended June 30, 2021 and 2020, respectively. Realized and unrealized gains and losses are included in the change in net assets.

Fair Value Measurements

Fulfill measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Fulfill has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Inventory

Inventory consists primarily of food commodities that have been contributed to or purchased by Fulfill. All contributed food items are valued using a weighted average price per pound determined using studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program. When the food is distributed, the value of the food is released from inventory and recorded as distributed in-kind food. Purchased food is recorded as inventory at the lower of cost or net realizable value.

Property and Equipment

Fulfill capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are recorded at cost or fair market value at date of contribution (if donated). Depreciation is provided using straight-line methods over the estimated useful lives of the assets.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution and Grant Revenue Recognition

Contribution and Grant revenue, including promises to give, are evaluated using the decision tree in FASB ASC 958-605-55-1A to determine the applicable accounting model. Most of the grants and contributions received by the Organization are considered to be nonexchange transactions.

A decision tree is also used to determine whether grants and contributions received are conditional or unconditional. Both, barriers and right of return/release, need to exist in order to designate a grant or contribution as conditional. Once designated, the revenue is recognized when the conditions are met.

Unconditional grants and contributions are recorded as those with donor restrictions or without donor restrictions depending on the existence of donor-imposed restrictions, typically limiting purpose or timing of the grant or contribution. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the grants and contributions are recognized.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as liabilities in the statement of financial position. The Organization did not receive any cost-reimbursable grants that have not been recognized at June 30, 2021.

Contributed Goods

Fulfill receives a significant amount of contributed food inventory that is recorded in the accompanying financial statements as contributions without donor restrictions, net of amounts related to food that is unusable or spoiled when received. One of the major sources of contributed food is the United States Department of Agriculture (USDA) which allocates food commodities to Fulfill under The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP). For the years ended June 30, 2021 and 2020, approximately 39% and 44%, respectively, of contributed goods were received under TEFAP and CSFP.

Under these programs, food commodities are distributed without cost to all eligible recipients within the approved service areas. Upon distribution, the food is recorded as a decrease in net assets without donor restrictions.

All contributed food items are valued using a weighted average price per pound determined by using studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Goods (Continued)

For the years ended June 30, 2021 and 2020, the weighted average value per pound for TEFAP and CSFP food was \$1.70 and \$1.49, respectively, and the total net value of all TEFAP and CSFP contributed food was \$6,627,865 and \$8,147,752 respectively.

For the years ended June 30, 2021 and 2020, the weighted average value per pound of all other contributed food was \$1.79 and \$1.74, respectively, and the total net value of all contributed food was \$10,206,014 and \$10,580,790, respectively.

Contributed Services

Contributed services are recognized as contributions if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people with those skills, and would otherwise be purchased by Fulfill. The estimated number of hours was approximately 3,564 and 2,512 for the years ended June 30, 2021 and 2020, respectively. The fair value of such services for the years ended June 30, 2021 and 2020 was approximately \$101,717 and \$74,108, respectively.

Fulfill also receives a significant amount of contributed time from volunteers that is not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958-605-25-16 were not met. Between July 1, 2020 and June 30, 2021, Fulfill volunteers together donated approximately 10,365 hours of work. Fulfill gratefully acknowledges the time and effort of these compassionate individuals, without whom it would not be able to distribute as much food and services as necessary to local families in need.

Allocation of Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fulfill allocated joint costs for certain program activities that include fundraising. Salaries and wages, as well as related benefits and taxes, were allocated among program and supporting services based upon an estimate of the actual time each employee contributed to each function. Other costs were allocated primarily based on square footage.

Income Taxes

Fulfill is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxes.

Fulfill is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and the New Jersey *Charities Registration & Investigation Form (CRI)*. These forms are subject to examination for up to three years after they are filed. The Organization follows the income tax standard for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Shared Maintenance Fees

Fulfill may charge a shared maintenance fee of up to \$0.19 per pound to the recipient agency or other charitable organization, which takes donated food and commodities and redistributes to the poor, needy, and hungry. This fee is included in support and revenue.

Advertising

Advertising costs are expensed as incurred.

Subsequent Events

In preparing these financial statements, Fulfill has evaluated events and transactions for potential recognition or disclosure through February 28, 2022, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments at June 30 consist of the following:

	2021		
	Total	Level 1	Level 2
Equity Securities	\$ 5,594,989	\$ 5,337,176	\$ 257,813
Bonds/Fixed Income	5,233,209	5,233,209	-
Capital Allocation Trust	99,773	99,773	-
Total Funds	<u>\$ 10,927,971</u>	<u>\$ 10,670,158</u>	<u>\$ 257,813</u>

	2020		
	Total	Level 1	Level 2
Equity Securities	\$ 3,643,327	\$ 3,343,327	\$ 300,000
Bonds/Fixed Income	2,625,647	2,625,647	-
Total Funds	<u>\$ 6,268,974</u>	<u>\$ 5,968,974</u>	<u>\$ 300,000</u>

Fulfill uses fair value measurements to record fair value adjustment to certain assets and to determine fair value disclosures. For additional information on how Fulfill values all other assets, refer to Note 1 – Summary of Significant Accounting Policies.

Investment income for the years ended June 30 consisted of the following:

	2021	2020
Dividends and Interest, Net of Fees	\$ 211,327	\$ 164,980
Unrealized and Realized Gain on Investments	1,621,803	251,017
Total	<u>\$ 1,833,130</u>	<u>\$ 415,997</u>

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, net of discount to net present values as of June 30 are as follows:

	2021	2020
Receivable in One Year or Less	\$ 50,833	\$ 105,000
Receivable in Two to Five Years	30,000	272,956
Total Unconditional Promises to Give	<u>80,833</u>	<u>377,956</u>
Less Present Value Discount	4,042	18,898
Total Unconditional Promises to Give, Net	<u>\$ 76,791</u>	<u>\$ 359,058</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30:

	2021	2020
Land	\$ 97,500	\$ 97,500
Land Improvements	787,629	787,629
Leasehold Improvements - The B.E.A.T. Center	1,303,200	1,303,200
Buildings	3,405,326	3,355,426
Furniture and Fixtures	95,171	95,171
Furniture and Fixtures - The B.E.A.T. Center	25,561	25,561
Transportation Equipment	1,023,898	940,898
Equipment	706,339	686,452
Equipment - The B.E.A.T. Center	505,868	505,868
Website Development	27,253	27,253
Appliances	16,604	16,604
Appliances - The B.E.A.T. Center	1,962	1,962
Computer Equipment	278,752	278,752
Total	<u>8,275,063</u>	<u>8,122,276</u>
Less: Accumulated Depreciation	6,458,504	5,874,011
Total Property and Equipment	<u>\$ 1,816,559</u>	<u>\$ 2,248,265</u>

NOTE 5 COMMITMENTS AND CONTINGENCIES

Operating Leases

Fulfill entered into a 10-year renewable lease agreement with Rocco Berardi on April 1, 2015, to lease approximately 12,000 square feet of space at Silverton Plaza, 1769 Hooper Avenue, Toms River, New Jersey, referred to as the B.E.A.T. Center.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

The rental commencement date was March 9, 2016, which was the earlier of the following date: (a) one hundred twenty (120) days from the receipt of building permits from the Township of Toms River or (b) upon Tenant's receipt of a Certificate of Occupancy. The total due under this 10-year lease was \$837,900 and \$1,008,000 as of June 30, 2021 and 2020. Gross rent expense under this lease for years ended June 30, 2021 and 2020 was \$170,100 and \$168,000, respectively, and net rent expense was \$155,773 and \$147,933, respectively.

Fulfill's future lease payments under this lease is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 176,400
2023	176,400
2024	176,400
2025	176,400
2026	132,300
Total	<u><u>\$ 837,900</u></u>

Fulfill entered into a five-year renewable sublease agreement with Jon Bon Jovi Soul Foundation (JBJSF) on April 1, 2015 wherein JBJSF subleases approximately 1,600 square feet of the B.E.A.T. Center space. The total due to Fulfill under this sublease is \$112,000. The rental commencement date was March 9, 2016. This lease has been extended through April 2023, with a right of termination as of December 31, 2021. The total rent income for the years ended June 30, 2021 and 2020 was \$14,327 and \$20,067, respectively.

Fulfill's future receipts under its leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 49,880</u>
Total	<u><u>\$ 49,880</u></u>

Subsequent to year-end on August 14, 2021, Fulfill entered into an agreement to expand the warehouse space. This resulted in a commitment of \$531,850. This amount is not yet included within the financial statements for the organization for the year ending June 30, 2021.

The B.E.A.T. Center

The B.E.A.T. Center (Bringing Everyone All Together) opened in the spring of 2016 and is collaboration among three nonprofit organizations: Fulfill, JBJSF, and Inspire-NJ, and serves as a place where families and individuals can access food, job training, and resources to help end the cyclical causes of hunger in Ocean County.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The B.E.A.T. Center (Continued)

The three collaborating nonprofits entered into a Memorandum of Understanding (MOU) on March 27, 2015 to establish donor solicitation parameters and appropriations of donated funds, services and other gifts-in-kind based on the original vision case and investment needed. An addendum to the MOU was entered into in April of 2016 because there were not sufficient anticipated receipts of grants and donations to cover the cash flow needs of the project as payments became due and there were significant increases to the preliminary estimates for build-out costs, start-up costs, and first year occupancy costs.

Fulfill opened a separate bank account for B.E.A.T. Center activity. While Fulfill is the owner and custodian of these funds, these funds are held for use of the three B.E.A.T. Center nonprofits as indicated in the MOU and the addendum to the MOU and are recorded as restricted cash on the statement of financial position at June 30, 2021.

In March of 2020, Fulfill had an agreement with Inspire NJ to transfer control of the People's pantry. Since the inception of this agreement, the People's Pantry has been run by Fulfill. There was a separate bank account opened for the People's Pantry where both funds donated and disbursements are held.

Contractual Adjustments

The contracts under which Fulfill conducts its programs contain provisions defining costs, which are allowable and reimbursable within the program. Program billings are subject to audit by various governmental funding sources. Audits of these billings may result in adjustments for disallowances. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined to date.

NOTE 6 EMPLOYEE BENEFIT PLAN

Fulfill adopted a 401(k) retirement savings plan effective January 1, 2009. This plan is available to employees who have completed three months of service and meet other eligibility requirements. Fulfill may contribute to the 401(k) plan on a matching and/or discretionary basis. For the years ended June 30, 2021 and 2020, Fulfill matched, on a 50% basis, employees' contributions of up to 6%. For the years ended June 30, 2021 and 2020, Fulfill elected to make a basic/discretionary contribution to eligible employees of 2% of fiscal year 2021 and 2020 compensation. Total employer contributions to the 401(k) plan for the years ended June 30, 2021 and 2020 were \$125,334 and \$99,951, respectively.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions available for use, but expendable or distributable only for purposes specified by the donor. At June 30, 2021 and 2020, net assets with donor restrictions are restricted for the following purposes:

	2021	2020
The B.E.A.T. Center	\$ -	\$ 145,112
Other Programs	1,215,213	398,060
Total Net Assets with Donor Restrictions	\$ 1,215,213	\$ 543,172

NOTE 8 LIQUIDITY

Fulfill's financial assets available for general expenditure within one year of the statement of financial position date, comprise the following:

	2021	2019
Cash and Cash Equivalents	\$ 7,914,732	\$ 4,145,992
Accounts Receivable, Net	6,800	46,122
Grants Receivable	56,002	86,850
Less: Net Assets with Donor Restrictions, Included Above	(1,215,213)	(543,172)
Total	\$ 6,762,321	\$ 3,735,792

Fulfill has a goal to maintain financial assets, which consist of cash and accounts receivable on hand to meet 60 days of normal operating expenses, which are, on average approximately \$2,834,580.

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, Fulfill received a loan from Savoy Bank in the amount of \$631,413 to fund payroll and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration.

The PPP Loan and all related interest was forgiven in full by the U.S. Small Business Administration on November 25, 2020. The Forgiveness has been recognized as a gain on extinguishment of debt, which is included in other income during the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on Fulfill's financial position.

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