

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fulfill and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

During the year ended June 30, 2022, Fulfill adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fulfill's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fulfill's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fulfill's ability to continue as a going concern for a reasonable period of time.

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
May 10, 2023

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THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,107,928	\$ 7,914,732
Cash and Cash Equivalents - Restricted for B.E.A.T. Center	100,797	243,414
Total Cash and Cash Equivalents	7,208,725	8,158,146
Accounts Receivable, Net	74,706	6,800
Investments	13,935,618	10,927,971
Inventory	1,440,703	2,478,372
Grants Receivable	72,201	56,002
Prepaid Expenses	41,611	-
Current Portion of Unconditional Promises to Give	-	50,833
Total Current Assets	22,773,564	21,678,124
PROPERTY AND EQUIPMENT, NET	1,364,321	1,816,559
UNCONDITIONAL PROMISES TO GIVE, NET	-	25,958
UNEMPLOYMENT INSURANCE (501c3) TRUST RESERVE	108,424	-
SECURITY DEPOSIT	14,000	14,000
Total Assets	\$ 24,260,309	\$ 23,534,641
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 531,392	\$ 282,974
Deferred Revenue	957,480	-
Total Current Liabilities	1,488,872	282,974
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,782,845	6,411,454
Board Designated Operating Reserves For:		
Capital Expenditures	1,000,000	1,000,000
Disaster Relief	6,120,000	6,120,000
Food Purchases	8,667,304	8,505,000
Total Net Assets Without Donor Restrictions	21,570,149	22,036,454
With Donor Restrictions	1,201,288	1,215,213
Total Net Assets	22,771,437	23,251,667
Total Liabilities and Net Assets	\$ 24,260,309	\$ 23,534,641

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributed Goods	\$ 14,684,088	\$ -	\$ 14,684,088	\$ 16,833,879	\$ -	\$ 16,833,879
Contributions	5,646,673	196,342	5,843,015	7,508,720	115,127	7,623,847
Grants	8,474,477	906,876	9,381,353	12,471,659	1,117,713	13,589,372
Fundraising Events	1,422,022	-	1,422,022	1,431,727	-	1,431,727
Food Distribution Revenue	-	-	-	241,595	-	241,595
Contributed Services and Equipment	60,130	-	60,130	101,717	-	101,717
Program, Other	24,644	-	24,644	16,085	-	16,085
Investment Gains (Losses)	(2,016,069)	-	(2,016,069)	1,833,130	-	1,833,130
Net Assets Released from Restrictions	1,117,143	(1,117,143)	-	560,799	(560,799)	-
Total Support and Revenue	<u>29,413,108</u>	<u>(13,925)</u>	<u>29,399,183</u>	<u>40,999,311</u>	<u>672,041</u>	<u>41,671,352</u>
EXPENSES						
Program Services	26,987,358	-	26,987,358	29,585,642	-	29,585,642
Support Services:						
Management and General	1,250,413	-	1,250,413	1,374,591	-	1,374,591
Fundraising	1,641,642	-	1,641,642	1,638,326	-	1,638,326
Total Support Services	<u>2,892,055</u>	<u>-</u>	<u>2,892,055</u>	<u>3,012,917</u>	<u>-</u>	<u>3,012,917</u>
Total Expenses	<u>29,879,413</u>	<u>-</u>	<u>29,879,413</u>	<u>32,598,559</u>	<u>-</u>	<u>32,598,559</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(466,305)	(13,925)	(480,230)	8,400,752	672,041	9,072,793
OTHER INCOME						
Paycheck Protection Program Loan Forgiveness	-	-	-	631,413	-	631,413
CHANGE IN NET ASSETS	(466,305)	(13,925)	(480,230)	9,032,165	672,041	9,704,206
Net Assets - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 21,570,149</u>	<u>\$ 1,201,288</u>	<u>\$ 22,771,437</u>	<u>\$ 22,036,454</u>	<u>\$ 1,215,213</u>	<u>\$ 23,251,667</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, 2022

	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	\$ 1,315,569	\$ 428,185	\$ 1,743,754	\$ 571,488	\$ 451,351	\$ 2,766,593
Benefits	305,065	153,178	458,243	177,878	63,644	699,765
Payroll Taxes	71,761	23,454	95,215	32,136	25,460	152,811
Total Salaries, Wages, and Related Expenses	<u>1,692,395</u>	<u>604,817</u>	<u>2,297,212</u>	<u>781,502</u>	<u>540,455</u>	<u>3,619,169</u>
Advertising	388	42,908	43,296	169	56,575	100,040
Agencies Assistance	30,370	-	30,370	-	-	30,370
Assistance to BEAT Center Partner	-	812	812	-	-	812
Bad Debt	-	-	-	50,391	-	50,391
Computer Expense	59,363	36,940	96,303	22,475	27,982	146,760
Conferences, Meetings, and Travel	18,149	10,883	29,032	11,800	5,743	46,575
Contributed Services	-	60,130	60,130	-	778	60,908
Culinary Program	-	115,109	115,109	-	-	115,109
Depreciation	271,392	171,953	443,345	5,933	11,121	460,399
Direct Mail	-	22,050	22,050	-	362,111	384,161
Equipment Leases	1,678	545	2,223	729	575	3,527
Fees, Permits, and License	2,066	671	2,737	150,305	25,033	178,075
Food Distributed	15,725,328	-	15,725,328	-	-	15,725,328
Food Purchases and Distribution	6,522,893	-	6,522,893	-	-	6,522,893
Insurance	114,785	28,453	143,238	37,814	29,867	210,919
Office Expense	36,900	22,183	59,083	7,806	43,254	110,143
Outside Services	40,271	3,310	43,581	397	1,033	45,011
Postage	9,685	5,081	14,766	6,306	7,871	28,943
Printing and Newsletter	828	3,894	4,722	2,830	23,133	30,685
Professional Fees	140,923	43,903	184,826	143,946	192,721	521,493
Program Expense (Grant Subrecipient)	-	84,010	84,010	-	-	84,010
Rent	130,865	129,489	260,354	2,679	3,572	266,605
Repairs and Maintenance	192,973	14,836	207,809	547	1,098	209,454
Special Events	1,939	-	1,939	-	279,825	281,764
Supplies	68,678	18,512	87,190	4,217	3,740	95,147
Temporary Employment	32,274	29,904	62,178	14,011	17,541	93,730
Transportation and Freight	236,475	-	236,475	-	-	236,475
Utilities and Telephone	107,382	60,207	167,589	6,556	7,614	181,759
Warehouse Expense	38,758	-	38,758	-	-	38,758
Total Functional Expenses	<u>\$ 25,476,758</u>	<u>\$ 1,510,600</u>	<u>\$ 26,987,358</u>	<u>\$ 1,250,413</u>	<u>\$ 1,641,642</u>	<u>\$ 29,879,413</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	<u>1,785,320</u>	<u>862,686</u>	<u>2,648,006</u>	<u>1,061,053</u>	<u>619,636</u>	<u>4,328,695</u>
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	<u>\$ 27,593,481</u>	<u>\$ 1,992,161</u>	<u>\$ 29,585,642</u>	<u>\$ 1,374,591</u>	<u>\$ 1,638,326</u>	<u>\$ 32,598,559</u>

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (480,230)	\$ 9,704,206
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	460,399	584,493
Forgiveness of Paycheck Protection Program Loan	-	(631,413)
Net Unrealized and Realized (Gains) Losses on Investments	2,367,812	(1,621,803)
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(67,906)	39,322
Inventory	1,037,669	(1,216,817)
Grants Receivable	(16,199)	30,848
Prepaid Expenses	(41,611)	81,319
Current Portion of Unconditional Promises to Give, Net	50,833	54,167
Unemployment Insurance (501c3) Trust Reserve	(108,424)	-
Accounts Payable and Accrued Expenses	248,418	(183,545)
Deferred Revenue	957,480	-
Agency Funds	-	(59,500)
Noncurrent Portion of Unconditional Promises to Give, Net	25,958	228,100
Net Cash Provided by Operating Activities	4,434,199	7,009,377
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(8,161)	(152,787)
Net Purchases of Investments	(5,375,459)	(3,037,194)
Net Cash Used by Investing Activities	(5,383,620)	(3,189,981)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(949,421)	3,819,396
Cash and Cash Equivalents - Beginning of Year	8,158,146	4,338,750
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,208,725	\$ 8,158,146

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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), 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.

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, 2022 AND 2021

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, 2022 and 2021, net assets with donor restrictions amounted to \$1,201,288 and \$1,215,213, 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, 2022 and 2021. 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, 2022 AND 2021

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 \$610,648 and \$607,685 for the years ended June 30, 2022 and 2021, 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, 2022 AND 2021

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 received a conditional grant during 2022 that had not met the barriers for recognition as of June 30, 2022, and therefore \$957,480 is recorded as deferred revenue on the accompanying statement of financial position. The Organization was not awarded any cost-reimbursable grants that have not been recognized at June 30, 2022.

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, 2022 and 2021, approximately 32% and 39%, 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, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Goods (Continued)

For the years ended June 30, 2022 and 2021, the weighted average value per pound for TEFAP and CSFP food was \$1.53 and \$1.70, respectively, and the total net value of all TEFAP and CSFP contributed food was \$4,758,285 and \$6,627,865 respectively.

For the years ended June 30, 2022 and 2021, the weighted average value per pound of all other contributed food was \$1.92 and \$1.79, respectively, and the total net value of all contributed food was \$9,925,803 and \$10,206,014, 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 2,039 and 3,564 for the years ended June 30, 2022 and 2021, respectively. The fair value of such services for the years ended June 30, 2022 and 2021 was approximately \$60,130 and \$101,717, respectively. These valuation techniques are derived from the standard rates supplied on the Independent Sector website for the state of New Jersey and these specialized services meet the criteria under FASB ASC 958-605-25-16 in order to be considered contributed services. There are no donor-imposed restrictions on the contributed services.

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, 2021 and June 30, 2022, Fulfill volunteers together donated approximately 29,734 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 FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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.

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.

Change in Accounting Principle

Fulfill has adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Subsequent Events

In preparing these financial statements, Fulfill has evaluated events and transactions for potential recognition or disclosure through May 10, 2023, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments at June 30 consist of the following:

	2022		
	Total	Level 1	Level 2
Equity Securities	\$ 7,901,067	\$ 7,591,014	\$ 310,053
Bonds/Fixed Income	5,901,090	5,901,090	-
Capital Allocation Trust	133,461	133,461	-
Total Funds	<u>\$ 13,935,618</u>	<u>\$ 13,625,565</u>	<u>\$ 310,053</u>
	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>

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 INVESTMENTS (CONTINUED)

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:

	<u>2022</u>	<u>2021</u>
Dividends and Interest, Net of Fees	\$ 351,743	\$ 211,327
Unrealized and Realized Gains (Losses) on Investments	(2,367,812)	1,621,803
Total	<u>\$ (2,016,069)</u>	<u>\$ 1,833,130</u>

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

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

	<u>2022</u>	<u>2021</u>
Receivable in One Year or Less	\$ -	\$ 50,833
Receivable in Two to Five Years	-	30,000
Total Unconditional Promises to Give	-	80,833
Less Present Value Discount	-	4,042
Total Unconditional Promises to Give, Net	<u>\$ -</u>	<u>\$ 76,791</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30:

	<u>2022</u>	<u>2021</u>
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	3,413,486	3,405,326
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	1,023,898
Equipment	706,339	706,339
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>8,283,223</u>	<u>8,275,063</u>
Less: Accumulated Depreciation	6,918,902	6,458,504
Total Property and Equipment	<u>\$ 1,364,321</u>	<u>\$ 1,816,559</u>

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 COMMITMENTS AND CONTINGENCIES

Operating Leases

Fulfill entered into a 10-year renewable lease agreement with a third party 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 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 \$661,500 and \$837,900 as of June 30, 2022 and 2021. Gross rent expense under this lease for years ended June 30, 2022 and 2021 was \$176,400 and \$170,100, respectively, and net rent expense was \$178,605 and \$155,773, respectively.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 176,400
2024	176,400
2025	176,400
2026	132,300
Total	<u>\$ 661,500</u>

Fulfill entered into a five-year renewable sublease agreement with a tenant on April 1, 2015 wherein the tenant 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, 2022 and 2021 was \$11,760 and \$14,327, respectively.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 96,000
2024	144,000
2025	144,000
2026	48,000
Total	<u>\$ 432,000</u>

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.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022.

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, 2022 and 2021, Fulfill matched, on a 50% basis, employees' contributions of up to 6%. For the years ended June 30, 2022 and 2021, Fulfill elected to make a basic/discretionary contribution to eligible employees of 2% of fiscal year 2022 and 2021 compensation. Total employer contributions to the 401(k) plan for the years ended June 30, 2022 and 2021 were \$92,527 and \$125,334, respectively.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Fulfill Operating Programs	\$ 1,201,288	\$ 1,215,213
Total Net Assets with Donor Restrictions	<u>\$ 1,201,288</u>	<u>\$ 1,215,213</u>

NOTE 8 LIQUIDITY

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

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 7,107,928	\$ 7,914,732
Accounts Receivable, Net	74,706	6,800
Investments	13,935,618	10,927,971
Grants Receivable	72,201	56,002
Less: Net Assets with Donor Restrictions, Included Above	<u>(1,201,288)</u>	<u>(1,215,213)</u>
Total	<u>\$ 19,989,165</u>	<u>\$ 17,690,292</u>

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 \$5,003,445.

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 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.