

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

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2023 AND 2022**



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**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL  
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YEARS ENDED JUNE 30, 2023 AND 2022**

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## 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, 2023 and 2022, 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, 2023 and 2022, 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 audits 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 audits. 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***

As described in Note 1 to the financial statements, in 2023, The FoodBank of Monmouth and Ocean Counties, Inc. dba: Fulfill adopted Accounting Standards Update (AUS) No. 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. 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.

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

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  
November 16, 2023

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 9,872,224	\$ 7,107,928
Cash and Cash Equivalents - Restricted for B.E.A.T. Center	3,383	100,797
Total Cash and Cash Equivalents	9,875,607	7,208,725
Accounts Receivable, Net	250,131	74,706
Investments	14,614,716	13,935,618
Inventory	1,078,561	1,440,703
Grants Receivable	-	72,201
Prepaid Expenses	30,373	41,611
Total Current Assets	25,849,388	22,773,564
<b>PROPERTY AND EQUIPMENT, NET</b>	2,320,472	1,364,321
<b>RIGHT OF USE ASSETS</b>	982,957	-
<b>UNEMPLOYMENT INSURANCE (501c3) TRUST RESERVE</b>	109,524	108,424
<b>SECURITY DEPOSIT</b>	14,000	14,000
Total Assets	\$ 29,276,341	\$ 24,260,309
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 1,640,828	\$ 531,392
Deferred Revenue	1,031,888	957,480
Operating Lease Liabilities- Short Term	399,556	-
Total Current Liabilities	3,072,272	1,488,872
<b>OPERATING LEASE LIABILITIES- LONG TERM</b>	590,751	-
Total Liabilities	3,663,023	1,488,872
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	7,180,588	5,782,845
Board Designated Operating Reserves For:		
Capital Expenditures	1,000,000	1,000,000
Disaster Relief	6,120,000	6,120,000
Food Purchases	10,230,000	8,667,304
Total Net Assets Without Donor Restrictions	24,530,588	21,570,149
With Donor Restrictions	1,082,730	1,201,288
Total Net Assets	25,613,318	22,771,437
Total Liabilities and Net Assets	\$ 29,276,341	\$ 24,260,309

See accompanying Notes to Financial Statements.

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributed Goods	\$ 13,445,985	\$ -	\$ 13,445,985	\$ 14,684,088	\$ -	\$ 14,684,088
Contributions	4,564,495	142,075	4,706,570	5,646,673	196,342	5,843,015
Grants	16,949,412	544,251	17,493,663	8,474,477	906,876	9,381,353
Fundraising Events	1,031,168	-	1,031,168	1,422,022	-	1,422,022
Contributed Services and Equipment Program, Other	74,952	-	74,952	60,130	-	60,130
Investment Gains (Losses)	50,002	-	50,002	24,644	-	24,644
Net Assets Released from Restrictions	1,604,170	-	1,604,170	(2,016,069)	-	(2,016,069)
Total Support and Revenue	<u>38,525,068</u>	<u>(804,884)</u>	<u>38,406,510</u>	<u>29,413,108</u>	<u>(1,117,143)</u>	<u>29,399,183</u>
<b>EXPENSES</b>						
Program Services	32,809,024	-	32,809,024	26,987,358	-	26,987,358
Support Services:						
Management and General	1,372,919	-	1,372,919	1,250,413	-	1,250,413
Fundraising	1,382,686	-	1,382,686	1,641,642	-	1,641,642
Total Support Services	<u>2,755,605</u>	<u>-</u>	<u>2,755,605</u>	<u>2,892,055</u>	<u>-</u>	<u>2,892,055</u>
Total Expenses	<u>35,564,629</u>	<u>-</u>	<u>35,564,629</u>	<u>29,879,413</u>	<u>-</u>	<u>29,879,413</u>
<b>CHANGE IN NET ASSETS</b>						
Net Assets - Beginning of Year	2,960,439	(118,558)	2,841,881	(466,305)	(13,925)	(480,230)
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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 24,530,588</u>	<u>\$ 1,082,730</u>	<u>\$ 25,613,318</u>	<u>\$ 21,570,149</u>	<u>\$ 1,201,288</u>	<u>\$ 22,771,437</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, 2023**

	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	\$ 1,496,491	\$ 497,432	\$ 1,993,923	627,524	409,389	\$ 3,030,836
Benefits	337,467	98,770	436,237	147,192	75,508	658,937
Payroll Taxes	120,649	40,637	161,286	51,586	33,047	245,919
Total Salaries, Wages, and Related Expenses	1,954,607	636,839	2,591,446	826,302	517,944	3,935,692
Advertising	-	120,171	120,171	-	19,999	140,170
Agencies Assistance	169,131	-	169,131	-	-	169,131
Assistance to BEAT Center Partner	-	988	988	-	-	988
Computer Expense	91,091	38,643	129,734	49,720	54,104	233,558
Conferences, Meetings, and Travel	28,074	21,290	49,364	15,419	7,500	72,283
Contributed Services	-	74,952	74,952	-	-	74,952
Culinary Program	-	137,076	137,076	-	-	137,076
Depreciation	365,424	173,397	538,821	8,734	16,629	564,184
Direct Mail	-	2,250	2,250	-	306,512	308,762
Equipment Leases	2,283	770	3,053	946	624	4,623
Fees, Permits, and Licenses	1,380	639	2,019	166,917	19,379	188,315
Food Distributed	14,215,150	-	14,215,150	-	-	14,215,150
Food Purchases and Distribution	12,380,201	-	12,380,201	-	-	12,380,201
Insurance	59,377	20,541	79,918	24,615	17,914	122,447
Office Expense	78,018	21,834	99,852	12,838	20,691	133,381
Outside Services	48,113	3,845	51,958	461	1,200	53,619
Postage	7,070	2,384	9,454	3,577	10,368	23,399
Printing and Newsletter	1,731	896	2,627	710	177,954	181,291
Professional Fees	348,793	175,848	524,641	193,022	83,224	800,887
Program Expense (Grant Subrecipient)	-	7,888	7,888	-	-	7,888
Rent	174,276	133,752	308,028	2,767	3,690	314,485
Repairs and Maintenance	299,377	19,662	319,039	642	1,217	320,898
Special Events	3,841	-	3,841	-	89,675	93,516
Supplies	373,898	32,876	406,774	32,791	4,545	444,110
Temporary Employment	108,006	31,547	139,553	26,531	20,830	186,914
Transportation and Freight	229,980	-	229,980	-	-	229,980
Utilities and Telephone	109,661	58,718	168,379	6,927	8,687	183,993
Warehouse Expense	42,736	-	42,736	-	-	42,736
Total Functional Expenses	\$ 31,092,218	\$ 1,716,806	\$ 32,809,024	\$ 1,372,919	\$ 1,382,686	\$ 35,564,629

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			Total
	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	1,692,395	604,817	2,297,212	781,502	540,455	3,619,169	
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 Licenses	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	\$ 25,476,758	\$ 1,510,600	\$ 26,987,358	\$ 1,250,413	\$ 1,641,642	\$ 29,879,413	

See accompanying Notes to Financial Statements.

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,841,881	\$ (480,230)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	564,184	460,399
Net Unrealized and Realized (Gains) Losses on Investments	(1,149,166)	2,367,812
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(175,425)	(67,906)
Inventory	362,142	1,037,669
Grants Receivable	72,201	(16,199)
Prepaid Expenses	11,238	(41,611)
Current Portion of Unconditional Promises to Give, Net	-	50,833
Right of Use Assets	(982,957)	
Unemployment Insurance (501c3) Trust Reserve	(1,100)	(108,424)
Accounts Payable and Accrued Expenses	1,109,436	248,418
Deferred Revenue	74,408	957,480
Lease Liabilities	990,307	-
Noncurrent Portion of Unconditional Promises to Give, Net	-	25,958
Net Cash Provided by Operating Activities	3,717,149	4,434,199
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(1,520,335)	(8,161)
Net Proceeds from (Purchases of) Investments	470,068	(5,375,459)
Net Cash Used by Investing Activities	(1,050,267)	(5,383,620)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	2,666,882	(949,421)
Cash and Cash Equivalents - Beginning of Year	7,208,725	8,158,146
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 9,875,607	\$ 7,208,725

See accompanying Notes to Financial Statements.

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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, 2023 AND 2022**

**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, 2023 AND 2022**

**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, 2023 and 2022, net assets with donor restrictions amounted to \$1,082,730 and \$1,201,288, 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, 2023 and 2022. 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, 2023 AND 2022**

**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. 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.

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**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 conditional grants during fiscal year 2023 that had not met the barriers for recognition as of June 30, 2023, and therefore \$1,031,888 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, 2023.

**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, 2023 and 2022, approximately 31% and 32%, 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.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributed Goods (Continued)**

For the years ended June 30, 2023 and 2022, the weighted average value per pound for TEFAP and CSFP food was \$1.57 and \$1.53, respectively, and the total net value of all TEFAP and CSFP contributed food was \$4,104,319 and \$4,758,285 respectively.

For the years ended June 30, 2023 and 2022, the weighted average value per pound of all other contributed food was \$1.93 and \$1.92, respectively, and the total net value of all contributed food was \$9,626,674 and \$9,925,803, 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 2,357 and 2,039 for the years ended June 30, 2023 and 2022, respectively. The fair value of such services for the years ended June 30, 2023 and 2022 was approximately \$74,952 and \$60,130, 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, 2022 and June 30, 2023, Fulfill volunteers together donated approximately 26,587 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.



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**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**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Fulfill adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the transition provisions of ASC 842 at the beginning of the period of adoption.

Fulfill has elected to adopt the package of practical expedients available in the year of adoption. Fulfill has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of Fulfill's ROU assets.

**Subsequent Events**

In preparing these financial statements, Fulfill has evaluated events and transactions for potential recognition or disclosure through November 16, 2023, the date the financial statements were available to be issued.

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL**  
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**NOTE 2 INVESTMENTS**

Investments at June 30 consist of the following:

	2023		
	Total	Level 1	Level 2
Equity Securities	\$ 10,542,109	\$ 10,136,984	\$ 405,125
Bonds/Fixed Income	3,933,679	3,933,679	-
Capital Allocation Trust	138,928	138,928	-
Total Funds	<u>\$ 14,614,716</u>	<u>\$ 14,209,591</u>	<u>\$ 405,125</u>

  

	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>

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:

	2023	2022
Dividends and Interest, Net of Fees	\$ 455,004	\$ 351,743
Unrealized and Realized Gains (Losses) on Investments	1,149,166	(2,367,812)
Total	<u>\$ 1,604,170</u>	<u>\$ (2,016,069)</u>

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**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment are summarized as follows at June 30:

	2023	2022
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	3,577,588	3,413,486
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	306,013	278,752
Work In Process	1,328,972	-
Total	9,803,558	8,283,223
Less: Accumulated Depreciation	7,483,086	6,918,902
Total Property and Equipment	\$ 2,320,472	\$ 1,364,321

**NOTE 4 COMMITMENTS AND CONTINGENCIES**

**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 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, 2023.

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.

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. DBA: FULFILL**  
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**NOTE 4 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**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 5 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, 2023 and 2022, Fulfill matched, on a 50% basis, employees' contributions of up to 6%. For the years ended June 30, 2023 and 2022, Fulfill elected to make a basic/discretionary contribution to eligible employees of 2% of fiscal year 2023 and 2022 compensation. Total employer contributions to the 401(k) plan for the years ended June 30, 2023 and 2022 were \$64,691 and \$92,527, respectively.

**NOTE 6 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, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Fulfill Operating Programs	\$ 1,082,730	\$ 1,201,288
Total Net Assets with Donor Restrictions	<u>\$ 1,082,730</u>	<u>\$ 1,201,288</u>

**NOTE 7 LIQUIDITY**

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

	2023	2022
Cash and Cash Equivalents	\$ 9,872,224	\$ 7,107,928
Accounts Receivable, Net	250,131	74,706
Investments	14,614,716	13,935,618
Grants Receivable	-	72,201
Less: Net Assets with Donor Restrictions, Included Above	(1,082,730)	(1,201,288)
Total	<u>\$ 23,654,341</u>	<u>\$ 19,989,165</u>

Fulfill has a goal to maintain financial assets, which consist of cash and accounts receivable on hand to meet 90 days of normal operating expenses, which are, on average approximately \$5,200,000.

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**NOTE 8 LEASES**

Fulfill determines if an arrangement is a lease at inception. Operating leases are included in Operating Leases Right-of-Use on the statement of financial position.

Right-of-Use (ROU) assets represent Fulfill's right to use an underlying asset for the lease term and lease liabilities represent the Fulfill's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Fulfill' will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Fulfill has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Fulfill has elected to use the Daily Treasury Rate on the date of implementation.

Fulfill has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Fulfill leases space and vehicles for program services and administrative support. The following table provides quantitative information concerning the Organization's leases:

Lease Costs:	
Operating Lease Costs	<u>\$ 351,556</u>
Weighted-Average Remaining Lease Term -	
Operating Leases (In Years)	3.10
Weighted-Average Discount Rate - Operating Leases	3.11%

A maturity analysis of annual undiscounted cash flows for operating lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 399,556
2025	355,456
2026	127,156
2027	79,156
2028	<u>79,156</u>
Total Lease Payments	1,040,480
Less: Interest	<u>50,173</u>
Present Value of Lease Liabilities	<u>\$ 990,307</u>