

FOOD BANK OF SOUTH JERSEY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

FOOD BANK OF SOUTH JERSEY, INC.

Table of Contents

December 31, 2019 and 2018

	<u>Page Number</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Reports and Schedules Required by Government Auditing Standards and the Single Audit Act	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and State of New Jersey Circular 15-08 OMB	22
Schedule of Expenditures of Federal Awards and State Financial Assistance	24
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	26
Schedule of Findings and Questioned Costs	27

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Food Bank of South Jersey, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Food Bank of South Jersey, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of South Jersey, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 2 to the financial statements, during the fiscal year ended December 31, 2019, Food Bank of South Jersey Inc. adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Update 2014-19, *Revenue from Contracts with Customers, Topic 606 and Accounting Standards Update 2018-08 Clarifying the Scope and Accounting for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of New Jersey Circular 15-08 OMB*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, on our consideration of Food Bank of South Jersey, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Food Bank of South Jersey, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank of South Jersey, Inc.'s internal control over financial reporting and compliance.

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
May 21, 2020

FOOD BANK OF SOUTH JERSEY, INC.
Statements of Financial Position
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 806,117	\$ 1,429,165
Cash - restricted	204,663	205,240
Certificate of deposit	15,854	15,850
Accounts receivables, net of allowance for doubtful accounts of \$125,000 in 2019 and 2018	234,126	260,644
Grants receivable	1,114,405	194,949
Inventory, donated	2,222,338	1,837,321
Inventory, purchased	79,759	84,301
Prepaid expenses	77,162	49,584
Total current assets	4,754,424	4,077,054
Property and equipment, net	4,051,621	4,075,264
	<u>\$ 8,806,045</u>	<u>\$ 8,152,318</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of notes payable	\$ 94,449	\$ 90,353
Line of credit	-	233,983
Accounts payable and accrued expenses	413,566	508,315
Refundable advances	575,965	343,558
Total current liabilities	1,083,980	1,176,209
Long-term liabilities		
Notes payable, net of current portion	2,388,994	2,483,429
Total liabilities	3,472,974	3,659,638
Net assets		
Without donor restrictions		
Designated by the board for donated food inventory	2,222,338	1,837,321
Undesignated	3,025,733	2,480,359
Total net assets without donor restrictions	5,248,071	4,317,680
With donor restrictions	85,000	175,000
Total net assets	5,333,071	4,492,680
	<u>\$ 8,806,045</u>	<u>\$ 8,152,318</u>

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

FOOD BANK OF SOUTH JERSEY, INC.
Statement of Activities
For the Year Ended December 31, 2019

	Without donor restrictions				
	Undesignated	Board Designated for Donated Food Inventory	Total	With Donor Restrictions	Total
Revenue and support					
Federal and state grants	\$ 3,073,833	\$ 11,038,446	\$ 14,112,279	\$ 70,000	\$ 14,182,279
Corporation and foundation grants	995,917		995,917		995,917
Donated food		6,711,756	6,711,756		6,711,756
Shared maintenance fees	236,955		236,955		236,955
Cooperative food sales	151,865		151,865		151,865
Contributions	1,357,461		1,357,461		1,357,461
Special events	848,970		848,970		848,970
Other revenues	114,279		114,279		114,279
Investment income	2,283		2,283		2,283
Net assets released from restriction	160,000		160,000	(160,000)	-
					-
Total revenue and support	6,941,563	17,750,202	24,691,765	(90,000)	24,601,765
Expenses and losses					
Program services					
Feedmore	2,123,724	15,843,963	17,967,687		17,967,687
Health and wellness	407,530		407,530		407,530
Children's and seniors programs	2,310,675	1,521,222	3,831,897		3,831,897
Total program services	4,841,929	17,365,185	22,207,114	-	22,207,114
Supporting services					
Administrative	593,672		593,672		593,672
Fundraising	960,588		960,588		960,588
Total supporting services	1,554,260	-	1,554,260	-	1,554,260
Total expenses	6,396,189	17,365,185	23,761,374	-	23,761,374
Change in net assets	545,374	385,017	930,391	(90,000)	840,391
Net assets beginning of year	2,480,359	1,837,321	4,317,680	175,000	4,492,680
Net assets end of year	\$ 3,025,733	\$ 2,222,338	\$ 5,248,071	\$ 85,000	\$ 5,333,071

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

FOOD BANK OF SOUTH JERSEY, INC.
Statement of Activities
For the Year Ended December 31, 2018

	Without donor restrictions				
	Undesignated	Board Designated for Donated Food Inventory	Total	With Donor Restrictions	Total
Revenue and support					
Federal and state grants	\$ 1,645,978	\$ 4,921,477	\$ 6,567,455	\$ 281,070	\$ 6,848,525
Corporation and foundation grants	1,174,455		1,174,455		1,174,455
Donated food		7,808,007	7,808,007		7,808,007
Shared maintenance fees	346,325		346,325		346,325
Cooperative food sales	102,701		102,701		102,701
Contributions	1,235,079		1,235,079		1,235,079
Special events	811,067		811,067		811,067
Other revenues	72,568		72,568		72,568
Investment income	1,643		1,643		1,643
Gain on disposition of equipment	18,500		18,500		18,500
Net assets released from restriction	261,910		261,910	(261,910)	-
Total revenue and support	5,670,226	12,729,484	18,399,710	19,160	18,418,870
Expenses and losses					
Program services					
Feedmore	2,274,824	11,014,629	13,289,453		13,289,453
Health and wellness	323,093		323,093		323,093
Children's and seniors programs	1,560,098	1,096,433	2,656,531		2,656,531
Total program services	4,158,015	12,111,062	16,269,077	-	16,269,077
Supporting services					
Administrative	582,088		582,088		582,088
Fundraising	1,068,921		1,068,921		1,068,921
Total supporting services	1,651,009	-	1,651,009	-	1,651,009
Total expenses	5,809,024	12,111,062	17,920,086	-	17,920,086
Loss on inventory obsolescence	16,008		16,008		16,008
Total expenses and losses	5,825,032	12,111,062	17,936,094	-	17,936,094
Change in net assets	(154,806)	618,421	463,615	19,160	482,775
Net assets beginning of year	2,635,165	1,218,900	3,854,065	155,840	4,009,905
Net assets end of year	\$ 2,480,359	\$ 1,837,321	\$ 4,317,680	\$ 175,000	\$ 4,492,680

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

FOOD BANK OF SOUTH JERSEY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services				Support Services			
	Feedmore	Health and Wellness	Children's and Seniors Programs	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Advertising and marketing	\$ 755		\$ 2,188	\$ 2,943	\$ 2,400	\$ 29,137	\$ 31,537	\$ 34,480
Bad debts					25,106		25,106	25,106
Building occupancy	91,886	\$ 16,715	58,961	167,562	12,036	28,394	40,430	207,992
Conferences and meetings	3,175	4,717	12,801	20,693	26,996	2,414	29,410	50,103
Consulting and temporary labor	36,840	35,645	147,289	219,774	24,624	59,275	83,899	303,673
Contributed food distributed - donated	6,737,183		350,288	7,087,471			-	7,087,471
Contributed food distributed - government grants	9,106,780		1,170,934	10,277,714			-	10,277,714
Depreciation	189,490		20,771	210,261	26,283	26,283	52,566	262,827
Direct mail						154,325	154,325	154,325
Dues and subscriptions	476	30	123	629	11,385	8,523	19,908	20,537
Employee benefits	136,634	29,735	110,206	276,575	37,937	53,787	91,724	368,299
Equipment rental and repairs	11,738	4,316	9,053	25,107	5,657	4,661	10,318	35,425
Food purchases	286,288	43,200	831,897	1,161,385	602		602	1,161,987
Insurance	10,286	2,094	4,944	17,324	4,347	3,858	8,205	25,529
Interest	46,167	7,052	25,575	78,794	12,599	13,644	26,243	105,037
Miscellaneous	15,293	3,456	23,540	42,289	16,202	20,332	36,534	78,823
Office and computer supplies	39,514	14,660	127,260	181,434	13,247	21,790	35,037	216,471
Payroll taxes	107,020	23,290	86,320	216,630	29,715	42,129	71,844	288,474
Postage and shipping	655	889	655	2,199	1,140	37,512	38,652	40,851
Printing and duplicating	301	785	35,055	36,141	41	44,370	44,411	80,552
Professional fees					74,911	800	75,711	75,711
Salaries & wages	870,754	189,497	702,334	1,762,585	241,771	342,778	584,549	2,347,134
Special events	279			279		55,630	55,630	55,909
Telephone	19,257	3,764	12,808	35,829	3,369	6,335	9,704	45,533
Travel	881	7,370	23,600	31,851	20,023		20,023	51,874
Vehicle rentals and expense	162,660	13,779	44,999	221,438	1,849	3,222	5,071	226,509
Warehouse equipment	72,533	4,152	18,141	94,826	485	917	1,402	96,228
Warehouse supplies	20,842	2,384	12,155	35,381	947	472	1,419	36,800
	<u>\$ 17,967,687</u>	<u>\$ 407,530</u>	<u>\$ 3,831,897</u>	<u>\$ 22,207,114</u>	<u>\$ 593,672</u>	<u>\$ 960,588</u>	<u>\$ 1,554,260</u>	<u>\$ 23,761,374</u>

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

FOOD BANK OF SOUTH JERSEY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services				Support Services			
	Feedmore	Health and Wellness	Children's and Seniors Programs	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Advertising and marketing	\$ 9,538		\$ 7,660	\$ 17,198	\$ 1,607	\$ 22,024	\$ 23,631	\$ 40,829
Bad debts					4,000		4,000	4,000
Building occupancy	108,965	\$ 16,997	42,663	168,625	13,672	35,587	49,259	217,884
Conferences and meetings	3,589	156	604	4,349	11,629	1,286	12,915	17,264
Consulting and temporary labor	125,421	27,759	54,590	207,770	43,070	27,919	70,989	278,759
Contributed food distributed - donated	7,188,577		339,529	7,528,106			-	7,528,106
Contributed food distributed - government grants	3,826,052		756,904	4,582,956			-	4,582,956
Depreciation	183,079		23,421	206,500	25,898	25,822	51,720	258,220
Direct mail						297,267	297,267	297,267
Dues and subscriptions	1,653	160	17	1,830	9,955	5,528	15,483	17,313
Employee benefits	173,737	31,920	81,962	287,619	47,551	75,464	123,015	410,634
Equipment rental and repairs	5,678	1,675	3,075	10,428	10,253	1,802	12,055	22,483
Food purchases	255,839	31,571	704,035	991,445			-	991,445
Insurance	11,354	1,854	3,989	17,197	4,521	4,214	8,735	25,932
Interest	46,546	7,954	17,880	72,380	21,965	16,850	38,815	111,195
Miscellaneous	16,395	2,111	8,299	26,805	15,887	20,419	36,306	63,111
Office and computer supplies	38,455	6,013	18,154	62,622	7,183	13,644	20,827	83,449
Payroll taxes	114,146	20,972	53,849	188,967	31,241	49,580	80,821	269,788
Postage and shipping	5,379	519	1,946	7,844	2,516	15,622	18,138	25,982
Printing and duplicating		26	682	708	1,502	8,946	10,448	11,156
Professional fees	1,653			1,653	73,063		73,063	74,716
Salaries & wages	912,651	167,679	430,552	1,510,882	249,786	396,418	646,204	2,157,086
Special events						41,896	41,896	41,896
Telephone	20,240	3,484	8,625	32,349	3,503	7,463	10,966	43,315
Travel	1,952		974	2,926	2,280	653	2,933	5,859
Vehicle rentals and expense	153,754	1,127	46,480	201,361	107		107	201,468
Warehouse equipment	59,164	682	16,068	75,914	659		659	76,573
Warehouse supplies	25,636	434	34,573	60,643	240	517	757	61,400
	<u>\$ 13,289,453</u>	<u>\$ 323,093</u>	<u>\$ 2,656,531</u>	<u>\$ 16,269,077</u>	<u>\$ 582,088</u>	<u>\$ 1,068,921</u>	<u>\$ 1,651,009</u>	<u>\$ 17,920,086</u>

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

FOOD BANK OF SOUTH JERSEY, INC.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 840,391	\$ 482,775
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	262,826	258,220
Amortization of debt issuance costs	530	530
Provision for bad debt	25,106	2,000
Donated stock	-	(1,095)
Loss on inventory obsolescence	-	16,008
Gain on disposition of equipment	-	(18,500)
(Increase) decrease in		
Accounts receivable	1,412	112,076
Grants receivable	(919,456)	(20,004)
Inventory	(380,475)	(569,436)
Prepaid expenses	(27,578)	1,933
Promises to give	-	4,000
Increase (decrease) in		
Accounts payable and accrued expenses	(94,749)	107,351
Refundable advances	232,407	(58,864)
Net cash provided by (used in) operating activities	<u>(59,586)</u>	<u>316,994</u>
Cash flows from investing activities		
Reinvestment of interest income - certificate of deposit	(4)	(5)
Purchases of property and equipment	(239,183)	(69,366)
Proceeds from sale of investments	-	14,100
Net cash used in investing activities	<u>(239,187)</u>	<u>(55,271)</u>
Cash flows from financing activities		
Proceeds from line of credit	-	233,983
Principal payments on notes payable	(90,869)	(86,810)
Payments on line of credit	(233,983)	(297,190)
Net cash used in financing activities	<u>(324,852)</u>	<u>(150,017)</u>
Net increase (decrease) in cash	(623,625)	111,706
Cash and cash equivalents - beginning of year	<u>1,634,405</u>	<u>1,522,699</u>
Cash and cash equivalents - end of year	<u>\$ 1,010,780</u>	<u>\$ 1,634,405</u>
(including \$204,663 and \$205,054 reported as restricted at December 31, 2019 and 2018, respectively)		

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

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements

Note 1: ORGANIZATION

Food Bank of South Jersey, Inc. (the "Organization") is a non-profit organization operating in Pennsauken, New Jersey. The Organization redirects potentially wasted food to more than 200 member feeding organizations. Its primary mission is to eliminate hunger and malnutrition in Camden, Burlington, Gloucester and Salem counties through various programs.

Feedmore – The solicitation of donations of high quality nutritious surplus foods and non-essentials and providing these at a minimum cost to non-profit agencies who distribute them directly to the needy, the ill or infants. The Organization also assists in the development of agencies responsible for directly distributing food and non-food items and extends food bank services to underserved communities within the four counties served. Also, the Organization advocates the means that will eliminate hunger and malnutrition and the poverty that is their cause. The Organization is able to distribute donated and purchased food provided by grants and donated food by individuals, businesses, other non-profit organizations and federal and state government programs.

Health and Wellness – Providing the tools and resources necessary to the four counties served to ensure the people of those counties lead a sustainable healthy life. This is accomplished by hosting classroom instruction and hands-on cooking classes to teach nutritional awareness, implementing physical activity programs, and providing support that impacts the emotional well-being of the people being served.

Children and Seniors programs – The Organization has established several children and senior programs that include the following: the Kid's Café program which provides several sites where children can receive nutritionally balanced meals, the School Pantry that delivers food to selected schools, Summer Meals which provides breakfast and lunch to children throughout the summer, and the Twilight Harvest Box programs in which low-income seniors living in public housing can receive supplemental food boxes.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of financial statement presentation – The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for non-profit organizations. Financial statement presentation also follows the recommendations of the relevant accounting standards which require the Organization to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operating activities – Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investments such as contributions for endowment and facilities and equipment, investment returns in excess of amounts designated for current operations, and unrealized gains and losses on investments.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Food contributed and distributed – During the year, the Organization distributed almost 4 million pounds of donated food without donor restrictions to qualified charitable feeding programs. Furthermore, approximately 11.3 million pounds of food was received from the U.S. Department of Agriculture under The Emergency Food Assistance Program (TEFAP), Trade Mitigation (TM), and the Commodity Supplemental Food Program (CSFP) and was distributed to qualified charitable feeding programs.

In the accompanying financial statements, food donations without donor restrictions are valued at \$1.62 and \$1.68 per pound for the years ended December 31, 2019 and 2018, respectively, based on a study completed by Feeding America, Inc. Food received under TEFAP is valued by weight at approximately \$0.88 and \$0.82 per pound for the years ended December 31, 2019 and 2018, respectively, based on the USDA Commodities File Report.

In additions, Food Bank of South Jersey, Inc. is the recipient of a NJ State Food Purchase Program (SFPP) grant in which it receives money to purchase and distribute food. Approximately 843,000 and 939,000 pounds of food was distributed through this program for the years ended December 31, 2019 and 2018, respectively.

Cash and cash equivalents – For the purpose of the statement of cash flows, cash and cash equivalents includes unrestricted time deposits and highly liquid debt instruments with original maturities of three months or less.

Investments – The Organization carries investments in marketable securities at their fair values. Investment income or loss (including realized gains and losses on investments, interest, and dividends), is included in the excess of revenue over expenditures.

Accounts receivable – The Organization's accounts receivable consists primarily of amounts due from agencies, less an allowance for doubtful accounts. The amount of the allowance for doubtful accounts is a significant estimate used in preparing these financial statements, and it is at least reasonably possible that the amount of the estimate will change within the next year.

Grants receivable – The Organization's grants receivable consists primarily of amounts due from federal and state agencies.

Promises to give – Unconditional promises to give are recognized as revenue in the period received and as assets. They are stated at net realizable value. Conditional promises to give are recognized only when the conditions, on which they depend, are substantially met and the promises become unconditional. The Organization did not have conditional promise to give at December 31, 2019 and 2018.

Certificates of deposit – Certificates of deposit with original maturities greater than three months that are not debt securities are presented separately from other investments. Those with original maturities greater than three months and remaining maturities less than one year are classified as short-term. Those with remaining maturities greater than one year are classified as non-current.

Restricted assets – Restricted assets consist of cash and cash equivalents, the use of which is restricted by various funding requirements.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment – Land, buildings and building improvements, furniture, equipment and transportation equipment are recorded at cost, except for donated items which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Building and building improvements	10-40 years
Furniture, equipment and transportation equipment	5-10 years

Repairs and maintenance, which do not extend the useful lives of the related assets, are expensed as occurred.

Compensated absences – Employees of the Organization are entitled to paid vacation, paid sick days and personal days off depending on scheduled work hours, length of service and other factors. Days earned are accrued annually as an expense. At December 31, 2019 and 2018, the Organization had accrued vacation totaling \$56,195 and \$34,954, respectively. This amount is included in “accounts payable and accrued expense” on the balance sheet.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for donated food inventory.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Inventory – The Organization maintains a substantial quantity of food items in inventory at all times. This inventory consists primarily of USDA and state donated commodities (valued at approximately \$1,382,391 and \$621,658 for the years ended December 31, 2019 and 2018, respectively) and other foods and goods donated by third-party suppliers valued at approximately \$839,947 and \$1,215,663 for the years ended December 31, 2019 and 2018, respectively. Donated inventory items were valued at \$1.62 and \$1.68 per pound for the years ended December 31, 2019 and 2018, respectively, which is the approximate average wholesale value of one pound of donated product at the national level as outlined in the *Product Valuation Survey Methodology*, June 2016 prepared by Feeding America, a national food bank network nonprofit corporation. KPMG LLP, an international accounting firm, has performed certain agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants solely to assist Feeding America with respect to determining the approximate average wholesale value of one pound of donated product at the national level. Their report is available upon request. USDA commodities are valued at \$0.88 and \$0.88 per pound for the years ended December 31, 2019 and 2018, respectively.

In addition, inventory is recorded at cost and includes food items purchased for sale in the Co-Op program and for Kids' Café program, as well as the Organization's private label inventory. This inventory amount was \$79,759 and \$84,301 for the years ended December 31, 2019 and 2018, respectively.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable advances – Refundable advances includes amounts received as grants that are potentially due back to the grantor if conditions aren't met.

Advertising expense – The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred. Advertising expense was \$34,479 and \$36,804 for the years ended December 31, 2019 and 2018, respectively.

Functional expense allocation – The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and support services. Such allocations are determined by management on an equitable basis. Salaries and wages, payroll taxes, and employee benefits are allocated based on estimates of time and effort. All other expenses are allocated based on the food distribution percentage of each program.

Income taxes – The Organization claims exemption from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code, and accordingly, do not record a provision for income taxes on related income.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. The Organization believes that in the event of an examination by taxing authorities, the Organization's positions would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized in accordance with the new requirements.

Revenue recognition

- Grants – Grant revenue includes federal, state, and county grant funding based on grant agreements. The Organization recognizes revenue as eligible expenditures are incurred. Advances from government agencies are recorded as deferred liabilities. Eligible expenditures incurred in excess of grant fund reimbursements are recorded as receivables. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both as a result of any noncompliance with the terms of the grant.
- Corporation and foundation grants – The Organization also receives grants from corporations and foundations. These grants may have certain requirements that must be met in order for the organization to recognize the related revenue. When such requirements are not met, any advances are classified as liabilities in the statement of financial position.
- Donated food – Donated food is accounted for by weight throughout the year and valued at year-end using the weighted-average wholesale value per pound of food, as determined by an annual study performed by Feeding America (a national organization for food banks).
- Shared maintenance – The Organization solicits and distributes donated food to qualified agency charitable feeding programs. These agencies support the Donated Food program by contributing approximately \$0.18 per pound in shared maintenance for the years ended December 31, 2019 and 2018.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- Cooperative food sales – The Organization operates a cooperative buying program for its member agencies, where we purchase needed items in large quantities and then resell the food to the member agencies. The Coop Program helps supplement the donated food inventory, enabling the Organization to meet most of the food needs of its member agencies.
- Contributions – The Organization records contributions when received as with or without donor restrictions, depending on the existence or nature of any donor restrictions. All donor support is reported as an increase in net assets with or without donor restrictions depending on the nature of the restriction. When a time restriction expires, or when a use restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met within the same year as received are reflected as contributions without restrictions in the accompanying financial statements.
- Special events – Revenue from special events is recorded equal to the cost of direct benefits to donors and contribution revenue is recognized for the difference.
- Donated services and in-kind donations – Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation and are reported as without donor restrictions unless explicit donor stipulations specify how donated assets must be used.
- Other revenues – The Organization distributes food to qualified agencies and charges delivery fees as food is distributed. In addition, the Organization teaches nutrition classes and earns related revenue based on individual corporate agreements.

New accounting pronouncements

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, generally accepted accounting principles have required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Newly Adopted Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services.

Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made – In June 2018, the Financial Accounting Standards Board issued ASU 2018-08. The new guidance clarifies what is an exchange transaction, of which revenues would be reported under Topic 606, and what is a contribution reported under Topic 958. This accounting guidance was applied on a modified prospective basis.

Note 3: CASH

Restricted cash includes funds that are required by their grant document to be kept in a separate account. Restricted cash consists of the following:

	December 31,	
	<u>2019</u>	<u>2018</u>
State Food Purchase Program	<u>\$ 204,663</u>	<u>\$ 205,240</u>

Note 4: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	<u>2019</u>	<u>2018</u>
Land	\$ 435,462	\$ 435,462
Building and improvements	5,010,028	4,974,014
Furniture and office equipment	1,022,353	950,358
Transportation equipment	<u>313,135</u>	<u>181,961</u>
	6,780,978	6,541,795
Less accumulated depreciation	<u>2,729,357</u>	<u>2,466,531</u>
Net property and equipment	<u>\$ 4,051,621</u>	<u>\$ 4,075,264</u>

Depreciation expense was \$262,826 and \$258,221 for the years ended December 31, 2019 and 2018, respectively.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 5: RETIREMENT PLAN

The Food Bank of South Jersey, Inc. has in effect a retirement plan covering all eligible employees. Full time employees are eligible after one full year of service. The Food Bank's contribution was \$56,522 and \$125,000 for the years 2019 and 2018, respectively, which is included in employee benefits.

Note 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for various purposes from the following donors:

	December 31,	
	2019	2018
Rohrer Foundation	\$ 50,000	\$ 100,000
Kessler Foundation	-	30,000
Connelly Foundation	-	20,000
Anthem	-	15,000
Santander	-	10,000
MKM Foundation	35,000	-
	<u>\$ 85,000</u>	<u>\$ 175,000</u>

Net assets released from restrictions during the year were \$160,000 and \$261,910 for grants whose donor restrictions were met during the years ended December 31, 2019 and 2018, respectively.

Note 7: NOTES PAYABLE

Notes payable consist of the following at:

	As of December 31,	
	2019	2018
On July 1, 2013, the Organization secured a note payable in the amount of \$3,000,000 for the expansion of warehouse and office facilities. The loan is due in monthly installments of \$15,932, including interest at a fixed rate of 4% over a term of ten years. The loan is secured by all organization assets.	\$ 2,484,523	\$ 2,572,996
Automobile loan	8,827	11,229
	<u>2,493,350</u>	<u>2,584,225</u>
Less unamortized loan costs	9,907	10,443
Notes payable, less unamortized loan costs	<u>2,483,443</u>	<u>2,573,782</u>
Less current portion	94,449	90,353
Long-term portion	<u>\$ 2,388,994</u>	<u>\$ 2,483,429</u>

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 7: NOTES PAYABLE (CONTINUED)

Total interest expense in 2019 and 2018 for notes payable was \$102,920 and \$106,430, respectively. Amortization of debt issuance costs amounted to \$530 in both 2019 and 2018.

Scheduled principal payments for the notes payable as of December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 94,449
2021	98,699
2022	102,858
2023	104,489
2024	108,073
Thereafter	<u>1,984,782</u>
	<u>\$ 2,493,350</u>

Note 8: LINE OF CREDIT

The Organization was granted a line of credit in the amount of \$500,000 with an interest rate of 3.50% that matured on September 1, 2019. The line of credit was not renewed. At December 31, 2019 and 2018, \$0 and \$233,983 was drawn on the line, respectively. The amount of unused borrowings at December 31, 2019 and 2018 was \$0 and \$266,017, respectively. The line is secured by a security interest in all business assets and an unsecured second mortgage on the property owned by the Organization. Total interest expense was \$1,582 and \$4,236 at December 31, 2019 and 2018, respectively.

Note 9: OPERATING LEASE COMMITMENTS

The Organization has several non-cancelable operating leases for office equipment, warehouse equipment, and vehicles, which expire at various dates through December 2022.

As of December 31, 2019, the future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 126,308
2021	86,705
2022	<u>7,707</u>
	<u>\$ 220,720</u>

Rental expense was \$182,836 and \$156,637 for the years ended December 31, 2019 and 2018, respectively.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 10: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank accounts and other financial institutions, which, at times may exceed federally insured limits or collateralized amounts. The Organization has not experienced any loss in such accounts. As of December 31, 2019 and 2018, the Organization had uninsured cash balances of \$475,770 and \$754,648, respectively.

Note 11: CONTINGENCY

The financial information and conditions included in these financial statements and supplemental information is subject to possible audit by the New Jersey Department of Agriculture which administers both major programs, and other grantors. Failure to fulfill the conditions of the grant could result in the return of funds to the grantors and loss of future grants. Management deems the contingency remote and believes that it has either complied with the conditions of the grants or has implemented appropriate corrective action, where necessary.

The Organization is occasionally involved in certain legal claims arising in the ordinary course of operations. In the opinion of management, all matters are adequately covered by insurance or are without merit.

Note 12: LIQUIDITY AND AVAILABILITY

The Organization strives to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in certificates of deposits and investments.

The Organizations financial assets available within one year to meet cash needs for general expenditures are as follows at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 1,010,780	\$ 1,634,405
Accounts receivable	234,126	260,644
Grants receivable	1,114,405	194,949
Certificates of deposit	<u>15,854</u>	<u>15,850</u>
Total financial assets	2,375,165	2,105,848
Less amounts not available to be used within one year:		
Restricted cash	(204,663)	(205,240)
Net assets with donor restrictions – purpose restricted	<u>(85,000)</u>	<u>(175,000)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 2,085,502</u>	<u>\$ 1,725,608</u>

As described in Note 3 to the financial statements, the Organization is required to maintain certain separate accounts under its regulatory agreement.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to the Financial Statements (continued)

Note 13: SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

In response to the COVID 19 Public Health Emergency, the US federal government adopted the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). The funds can be used for costs related to payroll, employee health care, mortgage loan interest and utilities.

On April 23, 2020, Food Bank of South Jersey, Inc. borrowed \$461,000 from Republic First Bank. The interest rate is 1%, the loan term is two (2) years and principal and interest payments are due monthly. The SBA guarantees loan repayment to the bank.

A recipient of a PPP loan may apply for loan forgiveness to the extent the loan proceeds were used for the following only during the 8-week period beginning on the date of the loan origination: payroll costs, mortgage interest, rent and utility costs. Management of the Food Bank of South Jersey, Inc. expects that its costs for payroll, employee health care, mortgage loan interest and utilities during the 8-week period following the loan funding will be sufficient to enable Food Bank of South Jersey, Inc. to obtain 100% forgiveness for the entire \$461,000 loan amount.

On January 2, 2020, the Food Bank of South Jersey Inc. executed a loan agreement with Republic First Bank in the amount of \$600,000 at 4% interest per annum maturing on January 1, 2021. The loan is due in one payment of all outstanding principal plus all accrued interest on January 1, 2021. In addition, the Organization will pay regular monthly payments of all accrued unpaid interest as of each payment date, beginning January 31, 2020, with all subsequent payments due on the same day of each month thereafter. Interest is computed over a year of 360 days multiplied by the outstanding principal, multiplied by the actual number of days the principal balance is outstanding.

Management of the Food Bank of South Jersey Inc. has evaluated subsequent events through May 21, 2020, the date the financial statements were available to be issued.

FOOD BANK OF SOUTH JERSEY, INC.
REPORTS AND SCHEDULES REQUIRED BY GOVERNMENT
AUDITING STANDARDS AND THE SINGLE AUDIT ACT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
Food Bank of South Jersey, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Food Bank of South Jersey, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Food Bank of South Jersey, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Food Bank of South Jersey, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Food Bank of South Jersey, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bowman + Company LLP". The signature is written in a cursive, flowing style.

Bowman & Company
Certified Public Accountants

Voorhees, New Jersey
May 21, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY CIRCULAR 15-08 OMB**

To the Board of Trustees of
Food Bank of South Jersey, Inc.

Report on Compliance for Each Major Federal Program

We have audited Food Bank of South Jersey, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *OMB New Jersey State Grant Compliance Statement* that could have a direct and material effect on each of Food Bank of South Jersey, Inc.'s major federal and state programs for the year ended December 31, 2019. The Food Bank of South Jersey, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Food Bank of South Jersey, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and the Uniform Guidance, and State of New Jersey Circular 15-08 OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Food Bank of South Jersey, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Food Bank of South Jersey, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
May 21, 2020

FOOD BANK OF SOUTH JERSEY, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor / Program Title	Federal CFDA Number	State or Pass-Through Grantor Number	Grant Period		Expenditures			Passed through to Subrecipients
			From	To	From Pass-Through Awards	From Direct Awards	Total	
U.S. Department of Agriculture								
Pass through New Jersey Department of Agriculture								
Division of Food and Nutrition								
Food Distribution Cluster:								
Commodity Supplemental Food Program (CSFP) - non cash assistance	10.565	n/a	10/1/2018	9/30/2019	\$ 338,464		\$ 338,464	
Commodity Supplemental Food Program (CSFP)	10.565	n/a	10/1/2018	9/30/2019	72,479		72,479	
Commodity Supplemental Food Program (CSFP) - non cash assistance	10.565	n/a	10/1/2019	9/30/2020	113,972		113,972	
Commodity Supplemental Food Program (CSFP)	10.565	n/a	10/1/2019	9/30/2020	24,740		24,740	
The Emergency Food Assistant Program (TEFAP)								
Food Commodities - non cash assistance	10.569	n/a	10/1/2018	9/30/2019	6,361,657		6,361,657	
Administrative Cost	10.568	n/a	10/1/2018	9/30/2019	162,621		162,621	
Food Commodities - non cash assistance	10.569	n/a	10/1/2019	9/30/2020	2,779,165		2,779,165	
Administrative Cost	10.568	n/a	10/1/2019	9/30/2020	80,752		80,752	
Total Food Distribution Cluster					9,933,850	-	9,933,850	-
Administrative Cost - Trade Mitigation	10.178	n/a	10/1/2018	9/30/2019	229,905		229,905	
Administrative Cost - Trade Mitigation	10.178	n/a	10/1/2019	9/30/2020	54,077		54,077	
					283,982		283,982	
Child Nutrition Cluster								
Summer Food Service Program for Children (SFSPC)	10.559	04-3611	10/1/2018	9/30/2019	659,954		659,954	
Total Child Nutrition Cluster					659,954	-	659,954	-
Child and Adult Care Food Program (CACFP)	10.558	7-1192	10/1/2018	9/30/2019	110,553		110,553	
Child and Adult Care Food Program (CACFP)	10.558	7-1192	10/1/2019	9/30/2020	17,906		17,906	
					128,459	-	128,459	-
Pass through New Jersey Department of Health								
SNAP Cluster								
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DFHS20SNA004	10/1/2018	9/30/2019	469,102		469,102	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DFHS20SNA004	10/1/2019	9/30/2020	130,427		130,427	
Total SNAP Cluster					599,529		599,529	
Total U.S. Department of Agriculture					11,605,774	-	11,605,774	-
U.S. Department of Homeland Security								
Pass through Community Planning Advocacy Council								
Emergency Food and Shelter National Board Program - Phase 36	97.024	n/a	1/1/2019	12/31/2019	45,000		45,000	
Total U.S. Department of Homeland Security					45,000	-	45,000	-
U.S. Department of Housing and Urban Development								
CDBG - Entitlement Grants Cluster								
Community Development Block Grant (CDBG) - Gloucester County	14.218	n/a	9/1/2018	8/31/2019	39,450		39,450	
Community Development Block Grant (CDBG) - Gloucester County	14.218	n/a	9/1/2019	8/31/2020	13,088		13,088	
Community Development Block Grant (CDBG) - Camden County	14.218	n/a	7/1/2018	6/30/2019	15,000		15,000	
Community Development Block Grant (CDBG) - Camden County	14.218	n/a	7/1/2019	6/30/2020	2,500		2,500	
Total CDBG - Entitlement Grants Cluster					70,038	-	70,038	-
Total U.S. Department of Housing and Urban Development					70,038	-	70,038	-
Total Federal Awards					\$ 11,720,812	\$ -	\$ 11,720,812	\$ -

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

FOOD BANK OF SOUTH JERSEY, INC.
Schedule of State Financial Assistance
For the Year Ended December 31, 2019

<u>State Grantor / Program Title</u>	<u>State Grant Award Number or Account Number</u>	<u>Grant Award Period</u>		<u>Current Year's Grant Expenditures</u>	(Memo Only)
		<u>From</u>	<u>To</u>		<u>Total Grant Expenditures to Date</u>
State of New Jersey Department of Agriculture					
Division of Food and Nutrition					
State Food Purchase Program (SFPP)	100-010-3350-064-055020	7/1/2018	6/30/2019	\$ 157,642	\$ 545,759
State Food Purchase Program (SFPP)	100-010-3350-064-055020	7/1/2019	6/30/2020	526,814	526,814
State Food Purchase Program (SFPP) - Admin Cost	100-010-3350-064-055020	7/1/2018	6/30/2019	<u>74,811</u>	<u>74,811</u>
				<u>759,267</u>	<u>1,147,384</u>
NJDOA-FBSJ Grant Agreement	N/A	7/1/2019	9/30/2020	<u>341,984</u>	<u>341,984</u>
Total State of New Jersey Department of Agriculture				<u>1,101,251</u>	<u>1,489,368</u>
State of New Jersey Department of State					
Office of Faith Based Initiatives					
Social Entrepreneurial and Enterprise Development	OFBI19SE2D-2-033	7/1/2019	6/30/2020	<u>5,000</u>	<u>5,000</u>
				<u>5,000</u>	<u>5,000</u>
Total State Awards				<u>\$ 1,106,251</u>	<u>\$ 1,494,368</u>

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

FOOD BANK OF SOUTH JERSEY, INC.
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2019

Note 1 - General

The accompanying schedule of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the organizations. All federal and state awards, with current year activity, received directly from federal, state, and local agencies, as well as federal and state awards passed through other government agencies, are included in the schedule.

Note 2 - Basis of accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. This basis of accounting is described in Note 2 to the organization's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 - Relationship to federal and state financial reports

Amounts reported in the accompanying schedule agree, in all material respects, with the amounts reported in related federal and state financial reports.

Note 4 - Relationship to federal and state financial reports

Amounts reported in the accompanying schedules agree, in all material respects, with the amounts reported in related federal and state financial reports. However, the basis of accounting prescribed by the pass-through agency for the preparation of expenditure reports is different than the accrual basis of accounting. The basic difference between the two bases of accounting is that the equipment purchased with program funds are included as expenditures in the expenditure reports, while GAAP requires these items to be capitalized and depreciated over their useful lives.

Note 5 - Major programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**FOOD BANK OF SOUTH JERSEY, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019**

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? ___ yes x no

Were significant deficiencies identified that were not considered to be a material weakness? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over compliance:

Material weaknesses identified? ___ yes x no

Were significant deficiencies identified that were not considered to be material weaknesses? ___ yes x none reported

Type of auditor's report on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ___ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Food Distribution Cluster:
10.569	The Emergency Food Assistance Program - Food Commodities
10.568	The Emergency Food Assistance Program - Administrative Costs
10.565	Commodity Supplemental Food Program
	SNAP Cluster:
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? x yes ___ no

State Financial Assistance

Material weaknesses identified?	yes	x	no
---------------------------------	-----	---	----

Type of auditor's report on compliance for major programs	Unmodified
---	------------

Identification of major programs:

Name of State Program

NJDOA-FBSJ Grant Agreement	

Dollar threshold used to determine Type A programs	\$	750,000
--	----	---------

Auditee qualified as low-risk auditee? x yes no

FOOD BANK OF SOUTH JERSEY, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended December 31, 2019

Part II- Schedule of Current Year Financial Statement Findings

– NOT APPLICABLE –

Part III - Schedule of Current Year Federal Award and
State Financial Assistance Findings and Questioned Costs

– NOT APPLICABLE –

FOOD BANK OF SOUTH JERSEY, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended December 31, 2019

Part IV – Status of Prior Year Financial Statement
Audit Findings

This section identifies the status of prior-year findings related to the financial statements and Federal and State awards that are required to be reports in accordance with Chapter 6.12 of *Government Auditing Standards*.

– NOT APPLICABLE –

