

**FOOD BANK OF SOUTH JERSEY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

# **FOOD BANK OF SOUTH JERSEY, INC.**

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**December 31, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Food Bank of South Jersey, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food Bank of South Jersey, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 Food Bank of South Jersey, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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.

Standards

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Supplementary Information

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Code of Federal Regulations  
Requirements for Federal Awards

Uniform Administrative Requirements, Cost Principles, and Audit  
State of New Jersey Circular 15-08 OMB

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Other Reporting Required by Government Auditing Standards

Government Auditing Standards

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Government Auditing Standards

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**FOOD BANK OF SOUTH JERSEY, INC.**  
**Statements of Financial Position**  
**As of December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 11,438,940	\$ 8,974,472
Cash - restricted	262,544	69,317
Certificate of deposit	15,864	15,859
Accounts receivable, net of allowance for doubtful accounts of \$106,000 and \$95,000 in 2021 and 2020	193,751	194,201
Grants receivable	398,149	1,167,937
Inventory, donated	1,470,035	1,867,374
Inventory, purchased	697,422	963,223
Prepaid expenses	99,361	166,845
Total current assets	14,576,066	13,419,228
Property and equipment, net	4,930,739	4,454,588
	<u>\$ 19,506,805</u>	<u>\$ 17,873,816</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current portion of notes payable	\$ 99,886	\$ 98,699
Accounts payable and accrued expenses	559,521	1,366,874
Refundable advances	1,536,137	1,156,746
Total current liabilities	2,195,544	2,622,319
Long-term liabilities		
Paycheck Protection Program loan payable	-	461,000
Notes payable, net of current portion	2,188,033	2,291,092
Total liabilities	4,383,577	5,374,411
Net assets		
Without donor restrictions		
Designated by the board for donated food inventory	1,382,184	1,867,372
Undesignated	13,269,124	9,477,344
Total net assets without donor restrictions	14,651,308	11,344,716
With donor restrictions	471,920	1,154,689
Total net assets	15,123,228	12,499,405
	<u>\$ 19,506,805</u>	<u>\$ 17,873,816</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, 2021**

	Without donor restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated for Donated Food Inventory	Total		
Revenue and support					
Federal and state grants	\$ 9,986,859	\$ 8,220,392	\$ 18,207,251		\$ 18,207,251
Donated food		8,796,946	8,796,946		8,796,946
Corporation and foundation grants	3,808,017		3,808,017		3,808,017
Contributions	2,775,328		2,775,328	\$ 471,920	3,247,248
Special events	932,128		932,128		932,128
Payroll protection program loan forgiveness	461,000		461,000		461,000
In-kind contributions	162,904		162,904		162,904
Cooperative food sales	261,474		261,474		261,474
Investment income	55,921		55,921		55,921
Other revenues	15,492		15,492		15,492
Net assets released from restriction	1,154,689		1,154,689	(1,154,689)	-
					-
Total revenue and support	<u>19,613,812</u>	<u>17,017,338</u>	<u>36,631,150</u>	<u>(682,769)</u>	<u>35,948,381</u>
Expenses and losses					
Program services					
Feedmore	8,395,835	16,428,859	24,824,694		24,824,694
Health and wellness	704,771		704,771		704,771
Children's and seniors programs	4,496,069	1,073,667	5,569,736		5,569,736
Total program services	<u>13,596,675</u>	<u>17,502,526</u>	<u>31,099,201</u>	<u>-</u>	<u>31,099,201</u>
Supporting services					
General and administrative	820,344		820,344		820,344
Fundraising	1,383,481		1,383,481		1,383,481
Total supporting services	<u>2,203,825</u>	<u>-</u>	<u>2,203,825</u>	<u>-</u>	<u>2,203,825</u>
Total expenses	<u>15,800,500</u>	<u>17,502,526</u>	<u>33,303,026</u>	<u>-</u>	<u>33,303,026</u>
Loss on disposal of equipment	1,689		1,689		1,689
Loss on inventory obsolescence	19,843		19,843		19,843
Total expenses and losses	<u>15,822,032</u>	<u>17,502,526</u>	<u>33,324,558</u>	<u>-</u>	<u>33,324,558</u>
Change in net assets	3,791,780	(485,188)	3,306,592	(682,769)	2,623,823
Net assets beginning of year	<u>9,477,344</u>	<u>1,867,372</u>	<u>11,344,716</u>	<u>1,154,689</u>	<u>12,499,405</u>
Net assets end of year	<u>\$ 13,269,124</u>	<u>\$ 1,382,184</u>	<u>\$ 14,651,308</u>	<u>\$ 471,920</u>	<u>\$ 15,123,228</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, 2020**

	Without donor restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated for Donated Food Inventory	Total		
Revenue and support					
Federal and state grants	\$ 10,247,101	\$ 12,669,089	\$ 22,916,190	\$ 1,154,689	\$ 24,070,879
Corporation and foundation grants	3,200,401		3,200,401		3,200,401
Donated food		9,122,238	9,122,238		9,122,238
Shared maintenance fees	64,946		64,946		64,946
Cooperative food sales	75,772		75,772		75,772
Contributions	4,850,038		4,850,038		4,850,038
Special events	1,149,702		1,149,702		1,149,702
Other revenues	29,515		29,515		29,515
Investment income	24,381		24,381		24,381
Net assets released from restriction	85,000		85,000	(85,000)	-
Total revenue and support	<u>19,730,528</u>	<u>21,791,327</u>	<u>41,521,855</u>	<u>1,069,689</u>	<u>42,591,544</u>
Expenses and losses					
Program services					
Feedmore	7,293,295	19,405,066	26,698,361		26,698,361
Health and wellness	568,934		568,934		568,934
Children's and seniors programs	3,454,514	2,741,227	6,195,741		6,195,741
Total program services	<u>11,316,743</u>	<u>22,146,293</u>	<u>33,463,036</u>	<u>-</u>	<u>33,463,036</u>
Supporting services					
General and administrative	877,669		877,669		877,669
Fundraising	1,084,505		1,084,505		1,084,505
Total supporting services	<u>1,962,174</u>	<u>-</u>	<u>1,962,174</u>	<u>-</u>	<u>1,962,174</u>
Total expenses	<u>13,278,917</u>	<u>22,146,293</u>	<u>35,425,210</u>	<u>-</u>	<u>35,425,210</u>
Change in net assets	6,451,611	(354,966)	6,096,645	1,069,689	7,166,334
Net assets beginning of year	<u>3,025,733</u>	<u>2,222,338</u>	<u>5,248,071</u>	<u>85,000</u>	<u>5,333,071</u>
Net assets end of year	<u>\$ 9,477,344</u>	<u>\$ 1,867,372</u>	<u>\$ 11,344,716</u>	<u>\$ 1,154,689</u>	<u>\$ 12,499,405</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, 2021**

	Program Services				Support Services			Total
	Feedmore	Health and Wellness	Children's and Seniors Programs	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Advertising and marketing	\$ 1,173		\$ 210	\$ 1,383	\$ 418	\$ 168,672	\$ 169,090	\$ 170,473
Building occupancy	222,949	\$ 15,423	69,964	308,336	25,263	31,139	56,402	364,738
Conferences and meetings	6,700	5,923	6,326	18,949	32,347	5,677	38,024	56,973
Consulting and temporary labor	80,279	19,267	151,217	250,763	63,147	21,764	84,911	335,674
Contributed food distributed - donated	8,853,263		90,703	8,943,966				8,943,966
Contributed food distributed - government grants	7,575,596		982,964	8,558,560				8,558,560
Depreciation	266,308	17,092	110,103	393,503	1,208	7,932	9,140	402,643
Dues and subscriptions	6,097	266	1,102	7,465	11,155	2,972	14,127	21,592
Employee benefits	300,047	79,585	186,200	565,832	45,025	98,546	143,571	709,403
Equipment rental and repairs	28,441	3,736	17,076	49,253	11,538	6,390	17,928	67,181
Food purchases	4,781,473	85,836	2,490,773	7,358,082	22	411	433	7,358,515
Insurance	11,584	2,712	7,370	21,666	1,700	4,019	5,719	27,385
Interest	44,281	5,525	25,063	74,869	9,732	11,146	20,878	95,747
Miscellaneous	21,949	5,508	13,342	40,799	32,175	57,728	89,903	130,702
Non-food purchases	766,746			766,746				766,746
Office and computer supplies	46,845	63,884	93,176	203,905	45,144	21,610	66,754	270,659
Payroll taxes	143,216	34,132	101,627	278,975	29,324	60,928	90,252	369,227
Postage and shipping	1,908	4,879	5,957	12,744	6,622	47,631	54,253	66,997
Printing and duplicating	6,730	195	23,505	30,430	472	151,138	151,610	182,040
Professional fees	14,169	11,452	15,017	40,638	145,043	7,767	152,810	193,448
Salaries & wages	1,355,524	318,998	975,580	2,650,102	309,780	605,632	915,412	3,565,514
Special events						18,850	18,850	18,850
Freight	17,618		42,167	59,785				59,785
Telephone	25,441	3,154	14,305	42,900	12,727	6,362	19,089	61,989
Travel	2,029	1,043	1,821	4,893	3,922		3,922	8,815
Vehicle rentals and expense	152,100	21,721	116,191	290,012	25,996	38,210	64,206	354,218
Warehouse equipment	29,746	1,801	11,732	43,279	3,257	3,634	6,891	50,170
Warehouse supplies	62,482	2,639	16,245	81,366	4,327	5,323	9,650	91,016
	<u>\$ 24,824,694</u>	<u>\$ 704,771</u>	<u>\$ 5,569,736</u>	<u>\$ 31,099,201</u>	<u>\$ 820,344</u>	<u>\$ 1,383,481</u>	<u>\$ 2,203,825</u>	<u>\$ 33,303,026</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, 2020**

	Program Services				Support Services			Total
	Feedmore	Health and Wellness	Children's and Seniors Programs	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Advertising and marketing			\$ 189	\$ 189	\$ 1,115	\$ 51,178	\$ 52,293	\$ 52,482
Building occupancy	\$ 145,135	\$ 24,690	54,677	224,502	10,552	30,226	40,778	265,280
Conferences and meetings	3,627	2,360	20,138	26,125	26,310	3,726	30,036	56,161
Consulting and temporary labor	157,747	41,257	113,997	313,001	74,118	23,004	97,122	410,123
Contributed food distributed - donated	8,832,332		427,332	9,259,664				9,259,664
Contributed food distributed - government grants	10,572,734		2,313,895	12,886,629				12,886,629
Depreciation					307,538		307,538	307,538
Dues and subscriptions	1,053	293		1,346	4,533	7,499	12,032	13,378
Employee benefits	236,871	50,212	129,357	416,440	37,009	82,293	119,302	535,742
Equipment rental and repairs	7,623	2,912	7,935	18,470	6,893	2,630	9,523	27,993
Food purchases	4,594,360	26,980	1,984,760	6,606,100				6,606,100
Insurance	9,178	3,259	7,891	20,328	5,015	4,579	9,594	29,922
Interest	44,544	10,092	25,465	80,101	6,670	13,552	20,222	100,323
Miscellaneous	21,302	5,439	10,089	36,830	3,861	112,458	116,319	153,149
Office and computer supplies	77,084	26,848	123,662	227,594	20,437	13,321	33,758	261,352
Payroll taxes	130,501	27,664	71,268	229,433	20,390	45,338	65,728	295,161
Postage and shipping	7,413	2,868	2,370	12,651	3,815	30,752	34,567	47,218
Printing and duplicating	38,931	326	14,461	53,718	2,903	151,564	154,467	208,185
Professional fees	2,547			2,547	125,643	200	125,843	128,390
Salaries & wages	1,350,909	286,366	737,741	2,375,016	211,070	469,331	680,401	3,055,417
Special events	304			304		25,452	25,452	25,756
Telephone	26,327	5,609	14,278	46,214	3,580	6,499	10,079	56,293
Travel		4,247	3,610	7,857	1,680	250	1,930	9,787
Vehicle rentals and expense	195,181	33,649	100,343	329,173	3,026	7,757	10,783	339,956
Warehouse equipment	53,258	10,583	20,419	84,260	951	1,863	2,814	87,074
Warehouse supplies	189,400	3,280	11,864	204,544	560	1,033	1,593	206,137
	<u>\$ 26,698,361</u>	<u>\$ 568,934</u>	<u>\$ 6,195,741</u>	<u>\$ 33,463,036</u>	<u>\$ 877,669</u>	<u>\$ 1,084,505</u>	<u>\$ 1,962,174</u>	<u>\$ 35,425,210</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,623,823	\$ 7,166,334
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	402,643	307,538
Loss on disposal of equipment	1,689	
Amortization of debt issuance costs	536	530
Paycheck Protection Program loan forgiveness	(461,000)	
(Increase) decrease in		
Accounts receivable	450	39,925
Grants receivable	769,788	(53,532)
Inventory	663,140	(528,500)
Prepaid expenses	67,484	(89,683)
Increase (decrease) in		
Accounts payable and accrued expenses	(807,353)	953,308
Refundable advances	379,391	580,781
	<u>3,640,591</u>	<u>8,376,701</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Reinvestment of interest income - certificate of deposit	(5)	(5)
Purchases of property and equipment	(880,483)	(710,505)
	<u>(880,488)</u>	<u>(710,510)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Principal payments on notes payable	(102,408)	(94,182)
Borrowings on Paycheck Protection Program loan payable		461,000
	<u>(102,408)</u>	<u>366,818</u>
Net cash provided by (used in) financing activities		
Net increase in cash	2,657,695	8,033,009
Cash and cash equivalents - beginning of year	9,043,789	1,010,780
Cash and cash equivalents - end of year	<u>\$ 11,701,484</u>	<u>\$ 9,043,789</u>
(including \$262,544 and \$69,317 reported as restricted at December 31, 2021 and 2020, respectively)		

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

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

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**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, lunch, and dinner 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)**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Food contributed and distributed – During the year, the Organization distributed 5.1 million pounds of donated food without donor restrictions to qualified charitable feeding programs. Furthermore, approximately 6.4 million pounds of food was received from the U.S. Department of Agriculture under The Emergency Food Assistance Program (TEFAP), Trade Mitigation (TM), Coronavirus Food Assistance Program (CPAP), Coronavirus Aid, Relief, and Economic Security (CARES) Act, Families First Coronavirus Response Act (FFCRA), 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 \$1.79 and \$1.74 per pound for the years ended December 31, 2021 and 2020, respectively, based on a study completed by Feeding America, Inc. Food received under TEFAP is valued by weight at approximately \$0.97 and \$1.02 per pound for the years ended December 31, 2021 and 2020, respectively, based on the USDA Commodities File Report.

In addition, 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 760,000 and 658,000 pounds of food was distributed through this program for the years ended December 31, 2021 and 2020, 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.

Restricted cash – Amounts classified as restricted cash represent deposits received for the State Food Purchase Program and the Emergency Food and Shelter Program.

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, 2021 and 2020.

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)**

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**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, 2021 and 2020, the Organization had accrued vacation totaling \$72,896 and \$88,012, 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 \$825,979 and \$1,164,851 for the years ended December 31, 2021 and 2020, respectively) and other foods and goods donated by third-party suppliers valued at approximately \$643,353 and \$702,523 for the years ended December 31, 2021 and 2020, respectively. Donated inventory items were valued at \$1.79 and \$1.74 per pound for the years ended December 31, 2021 and 2020, 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. RSM US 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 \$0.97 and \$1.02 per pound for the years ended December 31, 2021 and 2020, respectively.

In addition, inventory is recorded at cost and includes food items purchased for sale in the Co-Op program, for Kids' Café program, or direct distribution. This inventory amount was \$697,421 and \$963,223 for the years ended December 31, 2021 and 2020, respectively.

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

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**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 \$170,473 and \$52,482 for the years ended December 31, 2021 and 2020, 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 refundable advances. 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 in 2019 and through mid-March 2020, when it was eliminated due to the COVID-19 pandemic.

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

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**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. Due to the COVID-19 pandemic, this food was distributed at no cost to the Organization’s 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. This was suspended in April 2020 due to the COVID-19 pandemic. In addition, the Organization teaches nutrition classes and earns related revenue based on individual corporate agreements, sells scrap pallets and record insurance reimbursements.

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, 2021, and for interim periods within fiscal years beginning after December 15, 2022. 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)**

New accounting pronouncements (continued)

*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* – Issued in September 2020, Accounting Standards Update (ASU) No. 2020-07 improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP’s programs and other activities. The standard will take effect for fiscal years beginning after June 15, 2021, and for interim periods within fiscal years beginning after June 15, 2022. Early adoption is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

*Financial Instruments—Credit Losses* – Issued in June 2016, Accounting Standards Update (ASU) No. 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In addition, credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The standard will take effect for fiscal years beginning after December 15, 2022, and for interim periods within those fiscal years. Early application will be permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

**Note 3: CASH**

Cash consists of the following:

	December 31,	
	<u>2021</u>	<u>2020</u>
Unrestricted – cash in bank	\$ 11,438,940	\$ 8,974,472
Restricted – State Food Purchase Program and Emergency Food and Shelter Program	262,544	69,317
	\$ 11,701,484	\$ 9,043,789

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

**Note 4: 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 money market accounts held at various banks.

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

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 11,701,484	\$ 9,043,789
Accounts receivable	193,751	194,201
Grants receivable	398,149	1,167,937
Certificates of deposit	<u>15,864</u>	<u>15,859</u>
Total financial assets	12,309,248	10,421,786
Less amounts not available to be used within one year:		
Restricted cash	(262,544)	(69,317)
Net assets with donor restrictions – purpose restricted	<u>(471,920)</u>	<u>(1,154,689)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 11,574,784</u>	<u>\$ 9,197,780</u>

As described in Note 3 to the financial statements, the Organization is required to maintain certain separate accounts under its regulatory agreement. As disclosed in Note 10, the Organization also has a \$2,000,000 line of credit available for cash flow needs.

**Note 5: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 435,462	\$ 435,462
Building and improvements	5,388,165	5,283,134
Furniture and office equipment	2,220,550	1,457,571
Transportation equipment	<u>300,589</u>	<u>313,135</u>
	8,344,766	7,489,302
Less accumulated depreciation	<u>3,414,027</u>	<u>3,034,714</u>
Net property and equipment	<u>\$ 4,930,739</u>	<u>\$ 4,454,588</u>

Depreciation expense was \$402,643 and \$307,538 for the years ended December 31, 2021 and 2020, respectively.

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

**Note 6: 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 \$127,009 and \$111,845 for the years 2021 and 2020, respectively, which is included in employee benefits.

**Note 7: NET ASSETS WITH DONOR RESTRICTIONS**

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

	December 31,	
	2021	2020
Food purchase	\$ 194,340	\$ 100,000
Time restriction	98,025	95,431
Infrastructure with pantries		25,000
Health and Wellness program	27,000	45,800
COVID-19 response	30,000	888,458
Program expense	32,500	
Food collective	35,055	
Sustainability fund	55,000	
	\$ 471,920	\$ 1,154,689

Net assets released from restrictions during the year were \$1,154,689 and \$85,000 for grants whose donor restrictions were met during the years ended December 31, 2021 and 2020, respectively.

**Note 8: NOTES PAYABLE**

Notes payable consist of the following at:

	As of December 31,	
	2021	2020
On June 6, 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.	\$ 2,296,755	\$ 2,392,678
Automobile loan	-	6,485
	2,296,755	2,399,163
Less unamortized loan costs	8,836	9,372
Notes payable, less unamortized loan costs	2,287,919	2,389,791
Less current portion	99,886	98,699
Long-term portion	\$ 2,188,033	\$ 2,291,092

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

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**Note 8: NOTES PAYABLE (continued)**

Total interest expense in 2021 and 2020 for notes payable was \$95,262 and \$99,793, respectively. Amortization of debt issuance costs amounted to \$536 and \$530 in 2021 and 2020, respectively.

Scheduled principal payments for the notes payable as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 99,886
2023	<u>2,196,869</u>
	<u>\$ 2,296,755</u>

**Note 9: PPP LOAN**

On April 23, 2020, the Organization received a loan in the amount of \$461,000 under the Payroll Protection Program ("PPP Loan"). The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement of the Organization and the Small Business Administration ("SBA"). The PPP loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties.

Under the terms of the loan, a portion or all of the loan is forgivable to the extent the loan proceeds are used to fund qualifying payroll, rent, and utilities during a designated twenty-four week period. Payments are deferred until the SBA determines the amount to be forgiven. The Organization intends to utilize the proceeds of the PPP loan in a manner which will enable the qualification as a forgiven loan. However, no assurance can be provided that all or any portion of the PPP loan will be forgiven. On February 16, 2021, the SBA forgave the loan balance in the amount of \$461,000 therefore recognizing the amount as revenue as of December 31, 2021.

**Note 10: LINE OF CREDIT**

The Organization was granted a line of credit in the amount of \$2,000,000 with an interest rate of 3.50% that matures on January 1, 2023. At December 31, 2021 and 2020, \$0 was drawn on the line. The line is secured by a security interest in all business assets and an unsecured second mortgage on the property owned by the Organization. The Organization is in compliance with the financial covenants of the line of credit agreement. Total interest expense was \$0 at December 31, 2021 and 2020.

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

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**Note 11: 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 2029.

As of December 31, 2021, the future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 176,183
2023	169,025
2024	163,172
2025	162,092
2026	161,042
Thereafter	<u>311,584</u>
	<u>\$ 1,143,098</u>

Rental expense was \$255,072 and \$243,846 for the years ended December 31, 2021 and 2020, respectively.

**Note 12: 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, 2021 and 2020, the Organization had uninsured cash balances of \$11,224,634 and \$8,585,143, respectively.

**Note 13: 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.

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

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**Note 14: COVID-19**

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 continue to 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.

The Organization has seen a high level of support during the pandemic with a surplus of \$2.6 million and cash of \$11.7 million as of December 31, 2021. Part of the increase in support was used this year to respond to the economic impact of the pandemic. The Organization saw a spike in the number of those hardest hit. In 2021, the Organization distributed 17.9 million pounds of food and 868,500 children’s meals. Approximately 59,000 South Jersey individuals including families and seniors turned to the Food Bank of South Jersey for food resources. Several factors have and will continue to require the Organization to purchase huge quantities of food as well as non-food items. Financial assets on hand will help the Organization meet extraordinary needs. The concern remains on funding the anticipated higher need in the years beyond. The previous downturn took nearly a decade to see an economic recovery for the Organization’s client population.

**Note 15: SUBSEQUENT EVENTS**

On March 25, 2022, the Organization paid off the note payable referenced in Note 8 in the amount of \$2,276,689 and wrote off the related unamortized loan costs.

Subsequent events were evaluated through June 30, 2022, 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, 2021, 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 June 30, 2022.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

**Report on 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.

*Bowman + Company LLP*

Bowman & Company  
Certified Public Accountants

Voorhees, New Jersey  
June 30, 2022

**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 and State Program**

***Opinion on Each Major Federal and State Program***

We have audited Food Bank of South Jersey, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *New Jersey State Grant Compliance Supplement* 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, 2021. 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.

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 and state programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal and State Program***

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; 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 the audit requirements of the State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance, and State of New Jersey Circular 15-08 OMB are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Food Bank of South Jersey, Inc and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Food Bank of South Jersey, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Food Bank of South Jersey, Inc.'s federal and state programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Food Bank of South Jersey, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State of New Jersey Circular 15-08 OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Food Bank of South Jersey, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State of New Jersey Circular 15-08 OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Food Bank of South Jersey, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Food Bank of South Jersey, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of Food Bank of South Jersey, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 or state 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 or state 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 or state 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and State of New Jersey Circular 15-08 OMB. Accordingly, this report is not suitable for any other purpose.

*Bowman + Company LLP*

Bowman & Company LLP  
Certified Public Accountants

Voorhees, New Jersey  
June 30, 2022

**FOOD BANK OF SOUTH JERSEY, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

Federal Grantor / Program Title	Assistance Listing Number	State or Pass-Through Grantor Number	Grant Period		Expenditures			Passed through to Subrecipients
			From	To	From Pass-Through Awards	From Direct Awards	Total	
<b>U.S. Department of Agriculture</b>								
<b>Pass through New Jersey Department of Agriculture</b>								
<b>Division of Food and Nutrition</b>								
Food Distribution Cluster:								
The Emergency Food Assistant Program (TEFAP)								
Food Commodities - non cash assistance	10.569	n/a	10/1/2020	9/30/2021	\$ 4,429,816		\$ 4,429,816	
Administrative Cost	10.568	n/a	10/1/2020	9/30/2021	181,762		181,762	
Food Commodities - non cash assistance	10.569	n/a	10/1/2021	9/30/2022	1,383,737		1,383,737	
Administrative Cost	10.568	n/a	10/1/2021	9/30/2022	71,730		71,730	
Coronavirus Food Assistance Program (CPAP) - CARES - non cash assistance	10.568	n/a	1/1/2021	12/30/2021	512,391		512,391	
Coronavirus Food Assistance Program (CPAP) - FFCRA - non cash assistance	10.568	n/a	1/1/2021	12/30/2021	551,610		551,610	
Coronavirus Food Assistance Program (CPAP) - COSUP - non cash assistance	10.568	n/a	10/1/2020	9/30/2021	280,130		280,130	
Administrative Cost - TEFAP Bonus Payment	10.568	n/a	10/1/2020	9/30/2021	326,466		326,466	
Administrative Cost - COSUP	10.568	n/a	10/1/2020	9/30/2021	136,708		136,708	
<b>Pass through Community Food Bank of New Jersey</b>								
Food Distribution Cluster:								
Commodity Supplemental Food Program (CSFP) - non cash assistance	10.565	n/a	10/1/2020	9/30/2021	332,096		332,096	
Commodity Supplemental Food Program (CSFP)	10.565	n/a	10/1/2020	9/30/2021	76,018		76,018	
Commodity Supplemental Food Program (CSFP) - non cash assistance	10.565	n/a	10/1/2021	9/30/2022	122,818		122,818	
Commodity Supplemental Food Program (CSFP)	10.565	n/a	10/1/2021	9/30/2022	27,537		27,537	
Total Food Distribution Cluster					8,432,819	-	8,432,819	-
Child Nutrition Cluster								
Summer Food Service Program for Children (SFSPC)	10.559	04-3611	10/1/2020	9/30/2021	2,407,346		2,407,346	
Total Child Nutrition Cluster					2,407,346	-	2,407,346	-
<b>Pass through New Jersey Department of Health</b>								
<b>Division of Family Health Services</b>								
SNAP Cluster								
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DFHS20SNA004	10/1/2020	9/30/2021	415,212		415,212	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DFHS20SNA004	10/1/2021	9/30/2022	126,009		126,009	
Total SNAP Cluster					541,221		541,221	
<b>Total U.S. Department of Agriculture</b>					11,381,386	-	11,381,386	-
<b>U.S. Department of the Treasury</b>								
<b>Pass through New Jersey Department of Agriculture</b>								
<b>Division of Food and Nutrition</b>								
Coronavirus Relief Fund	21.019	n/a	3/1/2020	12/31/2021	1,500,000		1,500,000	
<b>Total U.S. Department of the Treasury</b>					1,500,000	-	1,500,000	-
<b>U.S. Department of Homeland Security</b>								
<b>Pass through Community Planning Advocacy Council</b>								
Emergency Food and Shelter National Board Program - Phase 37	97.024	n/a	1/1/2020	5/31/2021	68,109		68,109	
Emergency Food and Shelter National Board Program - Phase 38	97.024	n/a	1/1/2020	10/31/2021	102,750		102,750	
CARES Act Funds - Phase 37	97.024	n/a	1/27/2020	5/31/2021	71,308		71,308	
<b>Total U.S. Department of Homeland Security</b>					242,167	-	242,167	-
<b>U.S. Department of Housing and Urban Development</b>								
CDBG - Entitlement Grants Cluster								
Community Development Block Grant (CDBG) - Gloucester County	14.218	n/a	9/1/2020	8/31/2021	21,083		21,083	
Community Development Block Grant (CDBG) - Gloucester County	14.218	n/a	9/1/2021	8/31/2022	14,150		14,150	
Community Development Block Grant (CDBG) - Camden County	14.218	n/a	7/1/2020	6/30/2021	5,000		5,000	
Coronavirus Relief Funds - Burlington County	14.218	n/a	9/1/2021	9/30/2023	257,228		257,228	
Total CDBG - Entitlement Grants Cluster					297,461	-	297,461	-
<b>Total U.S. Department of Housing and Urban Development</b>					297,461	-	297,461	-
<b>Total Federal Awards</b>					\$ 13,421,014	\$ -	\$ 13,421,014	\$ -

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 Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2021**

<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>	<u>(Memo Only) Total Grant Expenditures to Date</u>
		<u>From</u>	<u>To</u>		
<b>State of New Jersey Department of Agriculture</b>					
<b>Division of Food and Nutrition</b>					
State Food Purchase Program (SFPP) - non cash assistance	100-010-3350-064-055020	7/1/2020	6/30/2021	\$ 311,289	\$ 393,619
State Food Purchase Program (SFPP) - non cash assistance	100-010-3350-064-055020	7/1/2021	8/31/2022	634,673	634,673
State Food Purchase Program (SFPP) - administrative cost	100-010-3350-064-055020	7/1/2020	6/30/2021	54,576	121,079
State Food Purchase Program (SFPP) - administrative cost	100-010-3350-064-055020	7/1/2021	8/31/2022	55,093	55,093
				<u>1,055,631</u>	<u>1,204,464</u>
NJDOA-FBSJ Grant Agreement	N/A	1/1/2021	6/30/2021	3,000,000	3,000,000
NJDOA-FBSJ Grant Agreement	N/A	7/1/2021	9/30/2022	1,005,069	1,005,069
				<u>4,005,069</u>	<u>4,005,069</u>
<b>Total State of New Jersey Department of Agriculture</b>				<u>5,060,700</u>	<u>5,209,533</u>
<b>Total State Awards</b>				<u>\$ 5,060,700</u>	<u>\$ 5,209,533</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, 2021**

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**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 organization. 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) and State of New Jersey Circular 15-08 OMB. The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS**

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

**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, 2021**

**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  none noted

Were significant deficiencies identified that were not considered to be a material weakness? \_\_\_\_\_ yes  none noted

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  none noted

**Federal Awards**

Internal control over compliance:

Material weaknesses identified? \_\_\_\_\_ yes  none noted

Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  none noted

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  no

Identification of major programs:

<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
21.019	Coronavirus Relief Fund
	<b>Child Nutrition Cluster:</b>
10.559	Summer Food Service Program for Children

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

Auditee qualified as low-risk auditee? \_\_\_\_\_  yes \_\_\_\_\_ no

**FOOD BANK OF SOUTH JERSEY, INC.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2021**

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over compliance:

Material weaknesses identified? \_\_\_\_\_ yes  none noted

Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  none noted

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08 OMB? \_\_\_\_\_ yes  none noted

Identification of major programs:

<b><u>GMIS Numbers</u></b>	<b><u>Name of State Program</u></b>
100-010-3350-064-055020	State Food Purchase Program (SFPP)

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

Auditee qualified as low-risk auditee? \_\_\_\_\_  yes \_\_\_\_\_ no

**FOOD BANK OF SOUTH JERSEY, INC.  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended December 31, 2021**

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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, 2021**

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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 –

