

**Community Food Bank of New Jersey, Inc.
Financial Statements
June 30, 2025 and 2024
With Independent Auditor's Report**

Community Food Bank of New Jersey, Inc.
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Independent Auditor's Report

To the Board of Directors of
Community Food Bank of New Jersey, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Food Bank of New Jersey, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Food Bank of New Jersey, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of 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 GAAS 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 08, 2025 on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.



December 8, 2025

Community Food Bank of New Jersey, Inc.
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 7,164,913	\$ 8,019,605
Accounts receivable, net of allowance for uncollectible accounts of \$250,916 and \$196,467, respectively	432,696	559,051
Promises to give, net	1,590,561	2,096,383
Receivables from State of New Jersey	3,152,571	1,893,206
Inventory - donated	7,876,875	9,180,818
Inventory - purchases	12,391,736	10,753,817
Prepaid expenses and other assets	2,098,927	735,709
Investments	72,417,665	73,811,288
Right-of-use assets - operating, net	80,782	594,600
Property and equipment, net	18,011,516	17,445,227
Total assets	<u>\$ 125,218,242</u>	<u>\$ 125,089,704</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 8,564,951	\$ 10,363,121
Loan payable	73,669	142,643
Deferred revenue	5,862,048	6,910,462
Operating lease liability	81,829	605,778
Total liabilities	<u>14,582,497</u>	<u>18,022,004</u>
Net assets		
Without donor restrictions	107,411,211	102,994,992
With donor restrictions	3,224,534	4,072,708
Total net assets	<u>110,635,745</u>	<u>107,067,700</u>
Total liabilities and net assets	<u>\$ 125,218,242</u>	<u>\$ 125,089,704</u>

The Notes to Financial Statements are an integral part of these statements.

Community Food Bank of New Jersey, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Donated nonfinancial assets						
Donated food and commodities	\$ 110,033,534	\$ -	\$ 110,033,534	\$ 129,152,086	\$ -	\$ 129,152,086
Contributions of other nonfinancial assets	2,069,881	-	2,069,881	2,420,117	-	2,420,117
	112,103,415	-	112,103,415	131,572,203	-	131,572,203
Contributions and grants	21,677,546	4,364,216	26,041,762	21,174,881	5,565,003	26,739,884
Purchased food revenue	2,236,217	-	2,236,217	618,239	-	618,239
Government grant and contract revenue	68,192,718	-	68,192,718	64,422,957	-	64,422,957
Investment return, net	7,438,481	-	7,438,481	9,058,864	-	9,058,864
Other revenue	298,597	-	298,597	221,056	-	221,056
Gain on sale of property	-	-	-	11,000	-	11,000
Special events, net of \$401,004 and \$332,417, respectively	1,920,158	-	1,920,158	1,651,660	-	1,651,660
Net assets released from restriction	5,212,390	(5,212,390)	-	5,615,739	(5,615,739)	-
Total revenue and support	219,079,522	(848,174)	218,231,348	234,346,599	(50,736)	234,295,863
Expenses						
Program services	199,917,056	-	199,917,056	208,815,356	-	208,815,356
Management and general	7,483,824	-	7,483,824	7,355,998	-	7,355,998
Development	7,262,423	-	7,262,423	6,629,599	-	6,629,599
Total expenses	214,663,303	-	214,663,303	222,800,953	-	222,800,953
Changes in net assets	4,416,219	(848,174)	3,568,045	11,545,646	(50,736)	11,494,910
Net assets						
Beginning of year	102,994,992	4,072,708	107,067,700	91,449,346	4,123,444	95,572,790
End of year	\$ 107,411,211	\$ 3,224,534	\$ 110,635,745	\$ 102,994,992	\$ 4,072,708	\$ 107,067,700

The Notes to Financial Statements are an integral part of these statements.

Community Food Bank of New Jersey, Inc.
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating activities		
Changes in net assets	\$ 3,568,045	\$ 11,494,910
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Donated food inventory on hand	1,303,943	(1,777,025)
Realized gains on investments	(3,780,411)	(2,469,832)
Unrealized gains on investments	(2,202,473)	(5,384,692)
Depreciation expense	2,265,054	2,206,673
Bad debt expense	77,538	54,312
Net present value adjustment	(13,799)	41,598
Gain on sale of property	-	(11,000)
Amortization of right-of-use asset, operating	513,816	1,049,543
Changes in assets and liabilities:		
Accounts receivable	48,817	(411,012)
Promises to give	519,621	(1,002,112)
Receivables from State of New Jersey	(1,259,365)	(85,964)
Inventory - purchased food	(1,637,919)	(2,821,243)
Prepaid expenses and other current assets	(1,363,218)	(124,253)
Accounts payable and accrued expenses	(1,798,170)	4,468,161
Deferred revenue	(1,048,414)	(1,204,627)
Operating lease liability	(523,949)	(1,053,721)
Net cash (used in) provided by operating activities	<u>(5,330,884)</u>	<u>2,969,716</u>
Investing activities		
Purchase of property and equipment	(2,831,343)	(3,821,205)
Proceeds from sale of property and equipment	-	11,000
Proceeds from sale of investments	23,823,362	18,222,592
Purchase of investments	(16,446,853)	(19,327,096)
Net cash provided by (used in) investing activities	<u>4,545,166</u>	<u>(4,914,709)</u>
Financing activities		
Repayment of loan payable	(68,974)	(64,476)
Net cash used in financing activities	<u>(68,974)</u>	<u>(64,476)</u>
Net change in cash and cash equivalents	(854,692)	(2,009,469)
Cash and cash equivalents		
Beginning of year	8,019,605	10,029,074
End of year	<u>\$ 7,164,913</u>	<u>\$ 8,019,605</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest paid	\$ 7,201	\$ 11,701
Non-cash investing and financing transactions		
Right-of-use assets in exchange for new operating lease liabilities	-	104,568
Donated nonfinancial assets	<u>\$ 112,103,415</u>	<u>\$ 131,572,203</u>

The Notes to Financial Statements are an integral part of these statements.

Community Food Bank of New Jersey, Inc.
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2025				2024			
	Program Services	Management and General	Development	Total	Program Services	Management and General	Development	Total
Personnel	\$ 17,548,449	\$ 3,826,689	\$ 2,262,817	\$ 23,637,955	\$ 14,868,947	\$ 3,603,379	\$ 2,014,274	\$ 20,486,600
Fringe benefits	5,082,732	1,159,879	661,143	6,903,754	3,675,142	1,484,109	511,242	5,670,493
Temporary labor	1,279,345	365,209	5,452	1,650,006	1,043,653	499,753	21,549	1,564,955
Total salaries and related costs	23,910,526	5,351,777	2,929,412	32,191,715	19,587,742	5,587,241	2,547,065	27,722,048
Professional fees	2,322,663	635,302	110,715	3,068,680	2,396,660	543,614	223,851	3,164,125
Professional fees - in kind	535,000	145,935	-	680,935	1,250,000	-	-	1,250,000
Travel and supplies - in kind	-	-	60,629	60,629	-	-	22,494	22,494
Lease and occupancy expenses	2,439,104	32,040	31,016	2,502,160	2,388,086	36,146	31,055	2,455,287
Supplies	1,273,858	15,694	5,421	1,294,973	1,087,036	12,424	7,403	1,106,863
Insurance	-	261,995	-	261,995	-	210,370	-	210,370
Equipment expense	238,799	32,783	2,903	274,485	479,334	10,957	6,089	496,380
Transportation	1,320,437	-	-	1,320,437	1,505,814	-	-	1,505,814
Printing and postage	38,460	12,174	148,005	198,639	31,939	12,440	119,098	163,477
Technology	1,172,134	186,909	43,278	1,402,321	628,717	138,278	47,839	814,834
Food purchased distributed	48,126,739	-	-	48,126,739	43,054,768	-	-	43,054,768
Food commodities distributed - in-kind	111,389,613	-	-	111,389,613	127,391,996	-	-	127,391,996
Dues and subscriptions	82,870	71,238	24,468	178,576	52,046	36,067	20,152	108,265
Depreciation	2,202,091	31,925	31,038	2,265,054	2,145,467	32,922	28,284	2,206,673
Direct marketing expenses	-	-	2,255,792	2,255,792	-	-	2,139,971	2,139,971
Direct marketing expenses - in-kind	-	-	1,328,317	1,328,317	-	-	1,147,623	1,147,623
Grant expense	4,361,027	-	-	4,361,027	6,267,518	120,477	-	6,387,995
Interest expense	-	7,201	-	7,201	-	11,701	-	11,701
Bank fees	-	4,536	268,545	273,081	-	1,902	257,957	259,859
Special events expenses	4,928	80,771	401,004	486,703	20,873	53,825	332,417	407,115
Staff support expenses	356,098	494,063	12,613	862,774	416,562	421,788	14,383	852,733
Bad debt expense	-	77,538	-	77,538	-	54,312	-	54,312
Other expenses	142,709	41,943	10,271	194,923	110,798	71,534	16,335	198,667
	199,917,056	7,483,824	7,663,427	215,064,307	208,815,356	7,355,998	6,962,016	223,133,370
Direct donor benefit costs, netted with special events revenue	-	-	(401,004)	(401,004)	-	-	(332,417)	(332,417)
	\$ 199,917,056	\$ 7,483,824	\$ 7,262,423	\$ 214,663,303	\$ 208,815,356	\$ 7,355,998	\$ 6,629,599	\$ 222,800,953

The Notes to Financial Statements are an integral part of these statements.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

1. Organization and Operations

Community Food Bank of New Jersey, Inc. (the “Food Bank”) was incorporated in the State of New Jersey pursuant to the Not-for-Profit Corporation Law in August 1982. The Food Bank was organized to solicit, collect, warehouse, and distribute surplus and donated food products, clothing, and food supplies to qualified, tax-exempt organizations in New Jersey, which provide free food to the poor, the elderly, the ill, the needy and children. During the years ended June 30, 2025 and 2024, the Food Bank distributed approximately 111 and 112 million pounds of food, respectively, to the areas it serves. In addition, the Food Bank offers job training in the food service industry to low-income people in need of marketable skills.

The mission of the Food Bank is to fight hunger and poverty by the distribution of food and grocery products, education, and training, creating model programs and involving all sectors of society in this battle. Significant revenues are received from contributions and donations of food.

As New Jersey’s largest anti-hunger organization, the Food Bank’s programs reach hard-working men and women struggling to make ends meet, as well as children, seniors, veterans, and people with disabilities.

2. Summary of Significant Accounting Policies

a. Basis of Presentation

The financial statements of the Food Bank have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which require it to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Food Bank. These net assets may be used at the discretion of the Food Bank’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Food Bank or by passage of time. When restrictions are satisfied, they are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

b. Revenue and Support Recognition

Contributions and Grants

Contributions are recognized as revenue when they are received or unconditionally pledged and recorded as support with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions that are received and for which restrictions are met in the same year are recorded as net assets without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, or release are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are reflected at the present value of estimated future cash flows using a discount rate of 4.58% and 4.33% as of June 30, 2025 and 2024, respectively. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

c. Government Grant and Contract Revenue

Revenue from government grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of incurring the expenditures are recorded as deferred revenue. Grant funds expended in advance of reimbursement from the funding source are classified as receivables from State of New Jersey in the statements of financial position. The Food Bank receives funding from federal and state agencies under grants and contracts, of which some have a commitment spanning multiple years. The Food Bank had remaining available award balances on government conditional grants and contracts for sponsored projects of approximately \$7,900,000 and \$18,900,000 as of June 30, 2025 and 2024, respectively. These awards are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Revenue from Contracts with Customers

The Food Bank accounts for agency handling fees and food purchase fees as exchange transactions in the statements of activities and changes in net assets. Revenue from contracts with customers is treated as revenue without donor restrictions. Performance obligations are satisfied at the point in time when the related goods or services are provided to the customer. The Food Bank does not have any significant financing components as payment is received shortly after revenue is recognized. Funds received in advance from customers for work that has not been performed have been recorded as contract liabilities and are shown as deferred revenue in the statements of financial position.

The following summarizes the Food Bank's performance obligations:

Agency Handling Fees and Food Purchase Fees

Agency handling fees are charged for the delivery of purchased or donated food to agencies and are recorded at the time the delivery has occurred. Agency handling fees are not charged on the delivery of governmental food donations. Food purchase fees are charged to the agencies for food purchased by the Food Bank and are based on the cost of the food plus a percentage markup over cost. The food purchase fees are recorded as revenue at the point in time the purchase is made.

Special Events

Special event revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The contribution portion is recognized as revenue when received. For the exchange portion, funds received in advance of the event date are recorded as deferred revenue in the statements of financial position. Revenue from the exchange portion is recognized at a point in time, when the event is held.

The following table provides information about receivables and contract liabilities from contracts with customers as of June 30, 2025, 2024, and 2023:

	2025	2024	2023
Accounts receivable	\$ 432,696	\$ 559,051	\$ 202,351
Contract liabilities (deferred revenue)	\$ -	\$ -	\$ -

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

d. Inventory of Donated Food and Commodities and Purchased Food

The value of donated food and commodities is determined based on the estimated average fair value of one pound of donated food product using national averages for 29 categories of food items from the annual study prepared by Feeding America, the national organization of food banks nationwide. Food that has been donated but not distributed is shown as inventory in the statements of financial position. Donated food and commodities that have been distributed are shown in the statements of activities and changes in net assets. Distributed food is released from inventory at the fair value on the date of distribution. Due to normally short periods between receipt of food donations and their subsequent distribution, the fair value on the date of receipt generally approximates the fair value on the date of distribution. Purchased food that is distributed is valued at cost with the resulting expense upon distribution also being recorded at cost due to the relatively short time frame between purchase and distribution.

e. Donated Services

The Food Bank produces public service announcements (“PSAs”) that air on television. These PSAs are broadcasted at no charge to the Food Bank to assist in the achievement of its mission.

The Food Bank also receives free advertising through billboard advertisements that serve as platforms to market and brand its mission.

The Food Bank receives donated professional services that typically would be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value with a corresponding expense allocated to the programs benefitted when the services are provided.

The Food Bank also receives significant donated services from volunteers, officers and directors and affiliated organizations to support operations, fundraising and administrative efforts. The value of these donated services is not included in these financial statements as they do not meet the criteria for recognition.

f. Cash Equivalents

Cash equivalents include funds held in money market accounts and other instruments with a maturity of three months or less at the time of acquisition, except for those included in the Food Bank’s investment portfolio.

g. Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Donated investments are recorded at the fair value at the date of receipt. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

h. Receivables and Credit Policies

Accounts Receivable

Accounts receivable are uncollateralized, non-interest bearing and are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectable. The Food Bank separates accounts receivable into risk pools based on their aging.

In determining the amount of the allowance as of June 30, 2024, management developed a loss rate of each risk pool. This rate is based on management’s historical collection experience, adjusted for management’s expectations about current and future economic conditions. At June 30, 2024, management believes its historical loss rates for each aging category are reasonable and supportable forecasts for current and future economic and industry conditions and deemed that an allowance for credit losses of \$196,467 was necessary.

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In accordance with Accounting Standards Update (“ASU”) 2025-05, the Food Bank elected the practical expedient for estimating expected credit losses on current accounts receivable and contract assets arising from revenue transactions under Topic 606. This expedient allows for the assumption that conditions at June 30, 2025 will remain consistent throughout the assets' lives.

The Food Bank also elected the accounting policy to consider cash collection activity after June 30, 2025 when estimating expected credit losses. Subsequent cash collections were evaluated through the date the financial statements were available to be issued resulting in no allowance for credit losses on the collected portion of receivables as of June 30, 2025. Remaining receivables were assessed using historical loss rates and known customer information resulting in an allowance for credit losses of \$250,916 as of June 30, 2025.

Promises to Give and Receivables from State of New Jersey

Promises to give are reviewed for collectability based on prior years' experience with the individual donors and management's analysis of pledges made. An allowance for uncollectible accounts is established for any pledges which are determined to be uncollectible. Promises to give to be received after one year are discounted using a risk-free rate. Amounts due from the State of New Jersey are expected to be collected within one year.

i. Property and Equipment

Property and equipment purchases are recorded at cost, except for donated items which are recorded at their fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred.

The principal rates for computing depreciation by major asset category are as follows:

	<u>Estimated Life (Years)</u>
Buildings and improvements	20-30
Furniture and fixtures	5
Transportation equipment	5
Computer equipment	5

j. Income Taxes

The Food Bank is a not-for-profit organization exempt from federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and from New Jersey State income taxes under applicable state law. Accordingly, no provision for federal or state income taxes has been recorded in the statements of activities and changes in net assets. Management has determined that there are no uncertain tax positions at the Food Bank as of June 30, 2025 and 2024. The Food Bank has no income tax related penalties or interest for the periods reported in these financial statements.

k. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant estimates include the valuation of donated food and commodity inventories and revenues for donations received and the associated value of food and supplies that were distributed, depreciation, and allocation of functional expenses.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

I. Grant Expense

The Food Bank recognizes grant expense, including unconditional promises to give, as expense in the period made. Conditional grants, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met.

m. Functional Allocation of Expenses

The cost of providing the various programs, which include food distribution and other ancillary programs of the Food Bank, is detailed in the statements of functional expenses. The smaller related programs have not been shown separately because none of the programs are individually significant in relation to the food distribution program. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Certain costs that benefit multiple functions have been allocated between program and supporting services on an equitable basis, as follows:

Expense	Method of Allocation
Personnel	Time and effort
Fringe benefits	Time and effort
Lease and occupancy expenses	Square footage
Insurance	Square footage
Depreciation	Square footage

n. Leases

The Food Bank categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Food Bank to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statements of financial position. The Food Bank had no finance leases during 2025 and 2024.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Food Bank accounts for these other services as a component of the lease. For all other leases, the services are accounted for separately and the Food Bank allocates payments to the lease and other services components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, reduced by landlord incentives, using a discount rate based on the risk-free rate. Right of use assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

o. Fair Value Measurements

The Food Bank measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of valuation inputs:

Level 1 - Fair value measurements based on quoted prices (unadjusted) in active markets that the Food Bank has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Food Bank does not adjust the quoted price for such instruments.

Level 2 - Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Food Bank must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The Food Bank maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024. For the years ended June 30, 2025 and 2024, there were no issuances or purchases of Level 3 investments and no transfers in or out of Level 3.

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Food Bank are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held are deemed to be actively traded.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

p. Recently Issued Accounting Pronouncements Adopted in the Current Period

In July 2025, the Financial Accounting Standards Board (“FASB”) issued ASU 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

The Food Bank has early adopted ASU 2025-05 prospectively as of July 1, 2024.

3. Financial Assets and Liquidity Resources

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 7,164,913	\$ 8,019,605
Accounts receivable, net	432,696	559,051
Promises to give, net	1,590,561	2,096,383
Receivables from State of New Jersey	3,152,571	1,893,206
Investments	72,417,665	73,811,288
	<u>84,758,406</u>	<u>86,379,533</u>
Less: Financial assets unavailable for general expenditures		
Net assets with donor restrictions	(3,224,534)	(4,072,708)
Total financial assets available within one year	<u>\$ 81,533,872</u>	<u>\$ 82,306,825</u>

In order to meet the ongoing and long-term needs of the communities served and maintain preparedness for unanticipated events, the Food Bank targets a cash and investment balance equivalent to nine months of operating expenses. As part of its liquidity plan, excess cash is invested in investments for long-term growth. Significant contributions and government funding are received annually to fund annual operating expenses.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

4. Promises to Give

At June 30, 2025 and 2024, promises to give consist of the following:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 1,236,500	\$ 1,301,121
One to five years	401,000	856,000
Total promises to give	<u>1,637,500</u>	<u>2,157,121</u>
Less: Discount to present value	(46,939)	(60,738)
Promises to give, net	<u><u>\$ 1,590,561</u></u>	<u><u>\$ 2,096,383</u></u>

5. Fair Value

The following tables summarize the assets which have been accounted for at fair value on a recurring basis as of June 30, 2025 and 2024:

	<u>2025</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 703,126	\$ 703,126	\$ -	\$ -
Mutual funds - equities	13,008,535	13,008,535	-	-
Exchange traded fund - US equities	28,084,505	28,084,505	-	-
Government bonds	12,508,464	12,508,464	-	-
Corporate bonds	12,843,823	-	12,843,823	-
Common stocks	5,269,212	5,269,212	-	-
	<u>\$ 72,417,665</u>	<u>\$ 59,573,842</u>	<u>\$ 12,843,823</u>	<u>\$ -</u>

	<u>2024</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 764,926	\$ 764,926	\$ -	\$ -
Mutual funds- equities	11,889,854	11,889,854	-	-
Exchange traded fund - US equities	30,046,974	30,046,974	-	-
Government bonds	11,843,774	11,843,774	-	-
Corporate bonds	12,994,962	-	12,994,962	-
Common stocks	6,270,798	6,270,798	-	-
	<u>\$ 73,811,288</u>	<u>\$ 60,816,326</u>	<u>\$ 12,994,962</u>	<u>\$ -</u>

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Investment return, net related to these investments at June 30, 2025 and 2024 was comprised of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 1,728,291	\$ 1,497,392
Realized gains	3,780,411	2,469,832
Unrealized gains	2,202,473	5,384,692
Advisory fees	(272,694)	(293,052)
	<u>\$ 7,438,481</u>	<u>\$ 9,058,864</u>

6. Property and Equipment

Property and equipment at June 30, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 3,169,161	\$ 3,169,161
Buildings and improvements	18,256,821	17,335,242
Furniture and fixtures	4,884,656	4,246,933
Transportation equipment	8,175,948	7,141,434
Computer equipment	1,750,302	1,865,348
Construction in progress	470,017	941,141
	<u>36,706,905</u>	<u>34,699,259</u>
Less: Accumulated depreciation	(18,695,389)	(17,254,032)
	<u>\$ 18,011,516</u>	<u>\$ 17,445,227</u>

Depreciation expense amounted to \$2,265,054 and \$2,206,673 for the years ended June 30, 2025 and 2024, respectively.

7. Loan Payable

In April 2016, the Food Bank entered into a loan payable agreement for the purchase of two buildings with the seller of the properties. The loan payable, which is secured by the properties, bears interest at a rate of 6.5% and matures on May 1, 2026. Monthly payments of \$6,347 of principal and interest are due on the first of every month commencing on June 1, 2017. The loan balance was \$73,669 and \$142,643 at June 30, 2025 and 2024, respectively.

Maturities of the loan payable are as follows:

2026	<u>\$ 73,669</u>
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Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

8. Retirement Plans

The Food Bank sponsors retirement plans for eligible employees in accordance with Sections 401(k) and 403(b) of the Internal Revenue Code.

The Food Bank maintains a defined contribution 401(k) pension plan that allows for discretionary employer contributions that are determined annually. The plan excludes employees that are covered by a collective bargaining agreement. As of June 30, 2025 and 2024, the Food Bank had no employees subject to a collective bargaining agreement. The Food Bank has the option to make an annual discretionary matching contribution each calendar year. For the plan years ended June 30, 2025 and 2024, the discretionary contribution rates were 4% and 3% of eligible employee salaries. The Food Bank's contributions to this plan for 2025 and 2024 including the matching and discretionary profit-sharing contributions were \$1,334,298 and \$676,650, respectively, and are included in the fringe benefits expense line in the statements of functional expenses. It is the Food Bank's policy to fund the plan currently. In addition, the Food Bank maintains a cash deferral plan 403(b) for eligible employees. Employees may make voluntary contributions not to exceed the amount specified by law. There are no matching contributions to this plan.

9. Gifts-In-Kind, Donated Food, Commodities and Services

Donated food and other goods and services for the years ended June 30, 2025 and 2024 included in the statements of activities and changes in net assets, were as follows:

	<u>2025</u>	<u>2024</u>
Food and commodities	\$ 110,033,534	\$ 129,152,086
Media	1,328,317	1,147,623
Professional fees	680,935	1,250,000
Travel and supplies	60,629	22,494
	<u>\$ 112,103,415</u>	<u>\$ 131,572,203</u>

The Food Bank recorded donated food and commodities of 61.3 million pounds and 66.0 million pounds for the years ended June 30, 2025 and 2024, respectively. The donated food is recorded in the financial statements as revenue and support and as program expense at the estimated average fair value of one pound of donated food product using national averages for 29 categories of food items with an overall average of \$1.72 and \$1.74 for the years ended June 30, 2025 and 2024, respectively. These values were determined based upon calendar year 2024 and 2023 studies performed by Feeding America. Each of the annual studies involves a review of 29 product categories and wholesale prices using a national wholesaler's pricing catalogs. Other independent sources may also be used as necessary for items not included in the catalogs. The average value of one pound of donated product will vary from year-to-year based on the mix of product items donated. As part of the study, Feeding America analyzes and reviews the results to determine the accuracy and understand the key components of the valuation and the year-over-year changes. There was no monetization of donated food or supplies by the Food Bank.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Donated services include the value of donated media, professional fees, travel, and supplies. Donated media includes the value of PSAs that run on media outlets locally. The media outlets provide placements to the Food Bank, free of charge, as a contribution to help communicate the Food Bank’s mission and engage the general public. The media outlets have estimated the fair value of the donated media based on the date, time, and market in which the PSA is placed and are recognized as in-kind contributions at fair value with a corresponding expense recorded as direct marketing expenses – in-kind as part of development expenses as they are delivered to the public. The valuation of these advertisements is provided by the service provider, who estimates the fair value based upon the date, time, and market in which it is displayed.

Donated professional fees have been recorded based on the fair value of the services received using estimated values provided by the consulting firm for similar services and have been recorded within program and management and general expense in the statements of functional expenses based on the nature of the professional service. Donated travel and supplies have been valued based on the estimated value provided by the vendors for similar goods and supplies and have been included in the statements of functional expense as program and development expenses based on the nature of the donated item and program category benefitted.

10. Leases

The Food Bank leases one of its warehouse facilities under a non-cancelable operating lease agreement, which expired in December 2024 and was not renewed.

The Food Bank leases a pantry under a non-cancelable operating lease agreement which expires in March 2029. The renewal options have not been included in the lease liability calculation, since it is not reasonably certain that they will be exercised, based on general uncertainties that come with the passage of time.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2025:

2026	\$	22,971
2027		23,660
2028		24,370
2029		18,686
Gross payments due		<u>89,687</u>
Less: Imputed interest		(7,858)
Lease liability at June 30, 2025	\$	<u>81,829</u>

Lease expense totaled \$522,106 and \$1,202,234 for the years ended June 30, 2025, and 2024, respectively, and is included in lease and occupancy expenses in the statements of functional expenses.

The weighted average discount rate associated with operating leases as of June 30, 2025 and 2024 is 5% and 4.5%, respectively. The weighted average remaining lease term associated with operating leases as of June 30, 2025 and 2024 is 3.75 and 5.25 years, respectively. Operating cash flows from operating leases totaled \$532,238 and \$1,206,413 for the years ended June 30, 2025 and 2024, respectively.

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are composed of the following at June 30, 2025 and 2024:

	2025	2024
Purpose restricted for programmatic use as follows:		
Agencies	\$ 169,725	\$ 544,713
Capital projects	-	117,802
Child feeding	721,593	757,996
Food sourcing	873,883	-
Fleet optimization project	304,277	363,875
Other	29,547	258
SNAP	-	250,000
Advocacy	46,652	223,234
Pantry	191,000	202,217
Workforce development	287,000	279,700
Data governance	75,857	149,060
	<u>2,699,534</u>	<u>2,888,855</u>
Time restricted	525,000	1,183,853
	<u>\$ 3,224,534</u>	<u>\$ 4,072,708</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended June 30, 2025 and 2024 as follows:

	2025	2024
Agencies	\$ 682,988	\$ 1,134,197
Capital projects	118,062	169,386
Child feeding	1,259,571	1,167,331
Disaster relief	-	216,427
Hygiene	187,296	66,264
Fleet optimization project	627,750	829,397
Food sourcing	50,000	-
Other	20,758	365,099
SNAP	408,088	135,000
Advocacy	256,833	149,266
Pantry	372,932	268,432
Workforce development	454,909	675,000
Data governance	573,203	100,940
Time restricted	200,000	339,000
Net assets released from restrictions	<u>\$ 5,212,390</u>	<u>\$ 5,615,739</u>

Community Food Bank of New Jersey, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

12. Risks and Uncertainties and Concentrations

The Food Bank has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Food Bank's financial condition, results of operations, and cash flows.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of these securities will occur in the near term and that such changes could materially affect the amounts reported on the statements of financial position.

The Food Bank received 26% and 28% of its revenue from the U.S. Department of Agriculture in the form of food commodities and funding for handling fees for the years ended June 30, 2025 and 2024, respectively. The receivable from the U.S. Department of Agriculture at June 30, 2025 and 2024 comprised 25% and 29%, respectively, of total receivables.

Approximately 25% of promises to give are due from two donors at June 30, 2025 and approximately 55% of promises to give are due from three donors at June 30, 2024, respectively.

13. Related Party Transactions

For the years ended June 30, 2025 and 2024, the Food Bank received contributions of nonfinancial assets of \$670,000 and \$1,250,000, respectively, and for the year ended June 30, 2025 paid \$800,000 for consulting services from one of its board members who is the managing director and partner of the company.

14. Litigation

The Food Bank is involved in various legal proceedings arising in the ordinary course of business. The Food Bank maintains liability on a claims-made basis through a commercial insurance carrier. In the opinion of management, although the outcome of any legal proceedings cannot be predicted, the ultimate liability of the Food Bank, net of any insurance proceeds, would not have a material adverse effect on the financial statements.

15. Subsequent Events

The Food Bank has evaluated subsequent events through December 8, 2025, which is the date the financial statements were available to be issued. Based upon this evaluation, the Food Bank has determined that no subsequent events have occurred which would require disclosure in or adjustment to the financial statements.

Supplementary Information

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

Independent Auditor's Report

To the Board of Directors of
Community Food Bank of New Jersey, Inc.:

We have audited, 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 ("*Government Auditing Standards*"), the financial statements of Community Food Bank of New Jersey, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization's financial statements. 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.

Withum Smith + Brown, PC

December 8, 2025

**Community Food Bank of New Jersey, Inc.
Single Audit Report
June 30, 2025
With Independent Auditor's Report**

Community Food Bank of New Jersey, Inc.
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June 30, 2025

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Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance and the State of New Jersey, Department of Treasury OMB Policy Circular 25-12-OMB

Independent Auditor's Report

To the Board of Directors of
Community Food Bank of New Jersey, Inc.:

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Community Food Bank of New Jersey, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget ("OMB") *Compliance Supplement and the State of New Jersey Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended June 30, 2025. The Organization's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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 June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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, Department of Treasury, OMB Policy Circular 25-12-OMB ("NJ Circular 25-12-OMB"). Our responsibilities under those standards, the Uniform Guidance and NJ Circular 25-12-OMB are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the Organization'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 the Organization's federal and state programs.

Auditor's Responsibilities for the Audit of the 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 the Organization'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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and NJ Circular 25-12-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 the Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and NJ Circular 25-12-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 the Organization'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 the Organization'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 NJ Circular 25-12-OMB, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 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 Auditors' 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 NJ Circular 25-12-OMB. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and NJ Circular 25-12-OMB

We have audited the financial statements of the Organization as of and for the year ended June 30, 2025, and have issued our report thereon dated December 8, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed 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 is presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 25-12-OMB 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 GAAS. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Withum Smith + Brown, PC

January 30, 2026

Community Food Bank of New Jersey, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Expenditures
Food Distribution Cluster				
<u>U.S. Department of Agriculture</u>				
Passed through the State of New Jersey				
Department of Agriculture				
Emergency Food Assistance Program (Food Commodities)	10.569	CB-3882	\$ 32,586,263	\$ 32,586,263
COVID-19 Emergency Food Assistance Program	10.568	ARPA-TEFAP RR2-23-NJ	246,263	2,126,577
Emergency Food Assistance Program (Administrative Costs)	10.568	CB-3882	-	1,236,637
			<u>32,832,526</u>	<u>35,949,477</u>
Passed through the State of New Jersey				
Department of Health, Division of Family Health Services				
Commodities Supplement Food Program (Food Commodities)	10.565	DFHS24CSF002	70,294	131,336
Commodities Supplement Food Program (Food Commodities)	10.565	DFHS25CSF002	61,566	426,868
Commodities Supplement Food Program (Food Commodities)	10.565	n/a	4,104,284	4,104,284
			<u>4,236,144</u>	<u>4,662,488</u>
			<u>37,068,670</u>	<u>40,611,965</u>
SNAP Cluster				
Passed through the State of New Jersey				
Division of Family Development				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program	10.561	DFHS25SNA003	-	2,186,598
Supplemental Nutrition Assistance Program	10.561	DFHS24SNA004	-	1,059,359
			<u>-</u>	<u>3,245,957</u>
Passed through the State of New Jersey				
Department of Health				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program	10.561	FB25002	-	715,454
Supplemental Nutrition Assistance Program	10.561	FB24002	58,975	342,290
Supplemental Nutrition Assistance Program	10.561	Snap Steps-CFB-2024-0	-	276,334
			<u>58,975</u>	<u>1,334,078</u>
			<u>58,975</u>	<u>4,580,035</u>
Child Nutrition Cluster				
Passed through the State of New Jersey				
Department of Agriculture, Division of Food and Nutrition				
Summer Food Service Program for Children	10.559	39200044 HS / 01200045 EHT	-	506,128
			<u>-</u>	<u>506,128</u>
Other Programs				
Passed through the State of New Jersey				
Department of Agriculture, Division of Food and Nutrition				
Local Food Purchase Assistance (LFPA) & (LFPA Plus)	10.182	AM 22 LFPA 0000C064	-	9,281,255
Emergency Food Assistance Program (Administrative Costs)	10.187	CB-3882	-	167,681
Child and Adult Care Food Program	10.558	39-1042	-	835,960
			<u>-</u>	<u>10,284,896</u>
			<u>37,127,645</u>	<u>55,983,024</u>
<u>U.S. Department of Homeland Security</u>				
Direct Program				
Emergency Food and Shelter National Board Program	97.024	n/a	-	28,665
Emergency Food and Shelter National Board Program	97.024	n/a	-	3,000
			<u>-</u>	<u>31,665</u>
			<u>\$ 37,127,645</u>	<u>\$ 56,014,689</u>

See Independent Auditor's Report.

The Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance is an integral part of this statement.

Community Food Bank of New Jersey, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2025

<u>State Grantor/Program Title/ Grantor Program Title</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures 6/30/2025</u>	<u>Expenditures Life of Contract</u>
<u>State of New Jersey Department of Agriculture</u>					
Division of Food and Nutrition					
NJ State Food Purchase Program	055020	7/01/23 - 6/30/24	\$ -	\$ 10,564	\$ 3,953,905
NJ State Food Purchase Program	055020	7/01/24 - 6/30/25	-	3,794,655	3,794,655
Administrative Costs	055020	7/01/24 - 6/30/25	-	422,732	422,732
Community Food Pantry Fund	N/A	10/01/23 - 9/30/24	-	61,039	61,039
Union County Community Block Grant	N/A	9/1/24 - 6/30/25	-	30,000	30,000
			-	4,318,990	8,262,331
NJ State Food and Hunger Grant	CFBNJ	7/01/24 - 6/30/25	2,579,943	43,842,458	43,842,458
			2,579,943	48,161,448	52,104,789
<u>State of New Jersey Department of Community Affairs</u>					
Universal Service Fund	2024-05255-0208-00	7/01/23 - 12/31/24	234,132	300,000	300,000
Universal Service Fund	2025-05255-0098-00	7/01/24 - 12/31/25	-	69,763	69,763
CSBG Special Initiative Services		4/01/24 - 09/30/24	-	78,121	78,121
			234,132	447,884	447,884
<u>State of New Jersey Department of Labor</u>					
Supplemental Nutrition Assistance Program Step to Success	SNAP-ST5-2024	7/01/23 - 6/30/24	-	105,165	366,251
<u>State of New Jersey Department of Vocational Rehabilitation</u>					
NJ Department of Vocational Rehabilitation	2023-05136-1016-00	4/01/24 - 9/30/2024	-	6,000	6,000
<u>NJ Casino Reinvestment Development Authority</u>					
CRDA Food Box	N/A	7/16/24 - 7/15/25	-	100,000	100,000
<u>New Jersey Economic Development Authority</u>					
Atlantic City Food Insecurity	N/A	1/31/25-8/31/26	-	9,697	9,697
<u>State of New Jersey Office of The Secretary Of Higher Education</u>					
OSHE Internship Program		6/1/25 - 8/31/25	-	4,000	4,000
Total State Financial Assistance			\$ 2,814,075	\$ 48,834,194	\$ 53,038,621

See Independent Auditor's Report.

The Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance is an integral part of this statement.

Community Food Bank of New Jersey, Inc.
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state awards activity of Community Food Bank of New Jersey, Inc. (the "Food Bank") under programs of the federal and state governments for the year ended June 30, 2025. The information in this schedule 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, Department of the Treasury, *OMB Policy Circular 25-12-OMB* ("NJ Circular 25-12-OMB"). Because the schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Food Bank.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards and state financial assistance are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and NJ Circular 25-12-OMB, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported in the schedule of expenditures of federal awards and state financial assistance as expenditures may differ from certain financial reports submitted to federal and state funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. Federal Donated Commodities

The value of nonmonetary assistance in the form of donated commodities is reported in the schedule of expenditures of federal awards and state financial assistance when distributed, based on the value of the commodities when received. This value is generally fair value on the date of receipt but may be an assessed value if provided by the Department of Agriculture. At June 30, 2025, the Food Bank had federal food commodities totaling \$6,450,695 recorded in inventory that is available for distribution during the subsequent fiscal year.

4. State Food Purchase Program

Funds received from the State of New Jersey to purchase food are recorded as deferred revenue until utilized. At the time food is purchased, it is recorded as inventory. Food is recorded on the schedule of expenditures of federal awards and state financial assistance as revenue when distributed. The inventory of food on hand at June 30, 2025 purchased with State of New Jersey funds was \$983,938.

5. Indirect Cost Rate

The Foodbank has elected to use the 10% de minimis cost rate allowed under Uniform Guidance.

**Community Food Bank of New Jersey, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025**

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or State of New Jersey Circular 25-12-OMB?	_____ Yes	<u> X </u> No
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The following federal programs were designated as major programs:

Assistant Listing Number(s)	Name of Federal Program or Cluster
10.565, 10.568, 10.569	Food Distribution Cluster
10.561	SNAP Cluster

The following state programs were designated as major programs:

State Agency/Department	State Award Number
State of New Jersey, Department of Agriculture, Division of Food and Nutrition:	
NJ State Food & Hunger Grant	CFBNJ
NH State Food Purchase Program	055020

Dollar threshold used to distinguish between type A and type B programs:

Federal programs	\$ 1,680,441
State programs	\$1,465,026

Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
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Section II - Financial Statement Findings

None.

Section III - Major Federal Awards and State Financial Assistance Findings and Questioned Costs

None.

Section IV - Prior Year Federal Awards and State Financial Assistance Findings and Questioned Costs

None.