

**THE GLOBAL FOODBANKING NETWORK**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
June 30, 2021 and 2020

THE GLOBAL FOODBANKING NETWORK  
Chicago, Illinois

FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Global FoodBanking Network  
Chicago, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Global FoodBanking Network ("GFN"), which comprise the statements of financial position as of June 30, 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.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to GFN's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GFN's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Global FoodBanking Network as of June 30, 2021 and 2020, 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.

*Crowe LLP*

Crowe LLP

Chicago, Illinois  
October 20, 2021

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,354,769	\$ 7,345,469
Investments	999,863	-
Pledge receivables (Note 2)	2,335,848	2,028,880
Other assets	<u>223,628</u>	<u>183,425</u>
Total current assets	12,914,108	9,557,774
Pledge receivables, net of current portion (Note 2)	7,041,001	1,579,603
Other assets	22,685	8,000
Furniture and equipment, net of accumulated depreciation of \$160,100 and \$123,332, respectively, for 2021 and 2020	<u>94,190</u>	<u>89,100</u>
Total assets	<u>\$ 20,071,984</u>	<u>\$ 11,234,477</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 124,957	\$ 161,218
Project grants payable (Note 3)	658,235	551,100
Other accrued liabilities	<u>227,913</u>	<u>230,846</u>
Total current liabilities	1,011,105	943,164
Deferred lease obligation	<u>54,883</u>	<u>54,333</u>
Total liabilities	1,065,988	997,497
 <b>NET ASSETS</b>		
Without donor restrictions	6,627,393	6,029,594
With donor restrictions (Note 6)	<u>12,378,603</u>	<u>4,207,386</u>
Total net assets	<u>19,005,996</u>	<u>10,236,980</u>
Total liabilities and net assets	<u>\$ 20,071,984</u>	<u>\$ 11,234,477</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 1,223,258	\$ 102,721	\$ 1,325,979
Foundation contributions	115,000	-	115,000
Corporate contributions	4,348,142	2,868,864	7,217,006
Corporate contributions for grants to food banks	-	14,512,063	14,512,063
Net assets released from restriction (Note 6)	9,312,431	(9,312,431)	-
Revenue			
Gain on currency exchange	327,770	-	327,770
Other revenue	<u>33,210</u>	<u>-</u>	<u>33,210</u>
Total public support and revenue	<u>15,359,811</u>	<u>8,171,217</u>	<u>23,531,028</u>
<b>Expenses</b>			
Program services	12,818,129	-	12,818,129
Supporting services			
General and administrative	775,851	-	775,851
Fund development	<u>1,168,032</u>	<u>-</u>	<u>1,168,032</u>
Total supporting services	<u>1,943,883</u>	<u>-</u>	<u>1,943,883</u>
Total expenses	<u>14,762,012</u>	<u>-</u>	<u>14,762,012</u>
<b>Increase in net assets before in-kind</b>	597,799	8,171,217	8,769,016
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services (Note 8)	<u>119,405</u>	<u>-</u>	<u>119,405</u>
Total in-kind public support and revenue	<u>119,405</u>	<u>-</u>	<u>119,405</u>
<b>Expenses</b>			
Program services	27,092	-	27,092
Supporting services			
General and administrative	61,544	-	61,544
Fund development	<u>30,769</u>	<u>-</u>	<u>30,769</u>
Total supporting services	<u>92,313</u>	<u>-</u>	<u>92,313</u>
Total in-kind expenses	<u>119,405</u>	<u>-</u>	<u>119,405</u>
<b>Change in net assets, in-kind</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase in net assets</b>	597,799	8,171,217	8,769,016
Net assets, beginning of period	<u>6,029,594</u>	<u>4,207,386</u>	<u>10,236,980</u>
<b>Net assets, end of period</b>	<u>\$ 6,627,393</u>	<u>\$ 12,378,603</u>	<u>\$ 19,005,996</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 1,614,602	\$ 80,000	\$ 1,694,602
Corporate contributions	6,847,459	1,467,119	8,314,578
Corporate contributions for grants to food banks	-	11,975,565	11,975,565
Net assets released from restriction (Note 6)	13,647,868	(13,647,868)	-
Revenue			
Loss on currency exchange	(27,603)	-	(27,603)
Other revenue	40,414	-	40,414
Total public support and revenue	<u>22,122,740</u>	<u>(125,184)</u>	<u>21,997,556</u>
<b>Expenses</b>			
Program services	15,462,430	-	15,462,430
Supporting services			
General and administrative	594,308	-	594,308
Fund development	939,456	-	939,456
Total supporting services	<u>1,533,764</u>	<u>-</u>	<u>1,533,764</u>
Total expenses	<u>16,996,194</u>	<u>-</u>	<u>16,996,194</u>
<b>Increase (decrease) in net assets before in-kind</b>	5,126,546	(125,184)	5,001,362
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services (Note 8)	266,909	-	266,909
Total in-kind public support and revenue	<u>266,909</u>	<u>-</u>	<u>266,909</u>
<b>Expenses</b>			
Program services	159,879	-	159,879
Supporting services			
General and administrative	50,997	-	50,997
Fund development	56,033	-	56,033
Total supporting services	<u>107,030</u>	<u>-</u>	<u>107,030</u>
Total in-kind expenses	<u>266,909</u>	<u>-</u>	<u>266,909</u>
<b>Change in net assets, in-kind</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase (decrease) in net assets</b>	5,126,546	(125,184)	5,001,362
Net assets, beginning of period	903,048	4,332,570	5,235,618
<b>Net assets, end of period</b>	<u>\$ 6,029,594</u>	<u>\$ 4,207,386</u>	<u>\$ 10,236,980</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2021

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
Salaries	\$ 1,890,904	\$ 405,173	\$ 704,826	\$ 1,109,999	\$ 3,000,903
Payroll taxes	120,557	27,930	47,990	75,920	196,477
Employee benefits	281,346	59,235	102,822	162,057	443,403
Total salaries and related expenses	<u>2,292,807</u>	<u>492,338</u>	<u>855,638</u>	<u>1,347,976</u>	<u>3,640,783</u>
Professional services	675,892	189,892	192,893	382,785	1,058,677
Occupancy	79,577	27,026	43,542	70,568	150,145
Office expense	57,630	21,707	19,387	41,094	98,724
Publications and marketing	93,289	-	10,053	10,053	103,342
COVID-19 and other grants to food banks	9,543,652	-	-	-	9,543,652
Other operating	40,813	40,975	41,062	82,037	122,850
Total expenses before depreciation and in-kind	<u>12,783,660</u>	<u>771,938</u>	<u>1,162,575</u>	<u>1,934,513</u>	<u>14,718,173</u>
Depreciation	<u>34,469</u>	<u>3,913</u>	<u>5,457</u>	<u>9,370</u>	<u>43,839</u>
Total expenses before in-kind	12,818,129	775,851	1,168,032	1,943,883	14,762,012
In-kind expenses					
Legal services	<u>27,092</u>	<u>61,544</u>	<u>30,769</u>	<u>92,313</u>	<u>119,405</u>
 Total	 <u>\$ 12,845,221</u>	 <u>\$ 837,395</u>	 <u>\$ 1,198,801</u>	 <u>\$ 2,036,196</u>	 <u>\$ 14,881,417</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2020

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
Salaries	\$ 1,402,821	\$ 299,664	\$ 537,886	\$ 837,550	\$ 2,240,371
Payroll taxes	90,330	19,463	36,838	56,301	146,631
Employee benefits	227,182	47,935	72,341	120,276	347,458
Total salaries and related expenses	1,720,333	367,062	647,065	1,014,127	2,734,460
Travel and meetings	354,234	11,025	21,828	32,853	387,087
Professional services	400,255	151,284	196,183	347,467	747,722
Occupancy	105,007	27,693	29,081	56,774	161,781
Office expense	49,692	29,644	28,928	58,572	108,264
Publications and marketing	40,156	-	5,054	5,054	45,210
COVID-19 grants to food banks	12,753,090	-	-	-	12,753,090
Other operating	8,191	5,055	4,770	9,825	18,016
Total expenses before depreciation and in-kind	15,430,958	591,763	932,909	1,524,672	16,955,630
Depreciation	31,472	2,545	6,547	9,092	40,564
Total expenses before in-kind	15,462,430	594,308	939,456	1,533,764	16,996,194
In-kind expenses					
Legal services	77,379	50,997	18,533	69,530	146,909
Other professional services	82,500	-	37,500	37,500	120,000
	159,879	50,997	56,033	107,030	266,909
<b>Total</b>	<b>\$ 15,622,309</b>	<b>\$ 645,305</b>	<b>\$ 995,489</b>	<b>\$ 1,640,794</b>	<b>\$ 17,263,103</b>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Operating activities</b>		
Change in net assets	\$ 8,769,016	\$ 5,001,362
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	43,839	40,565
Loss on disposal of fixed asset	390	1,704
Unrealized gain on investment	(163)	-
Increase in pledges receivable	(5,768,366)	(128,122)
Increase in other assets	(54,888)	(135,489)
(Decrease) increase in accounts payable	(36,261)	38,739
Increase in project grants payable	107,135	306,000
(Decrease) increase in other accrued liabilities	(2,933)	72,604
Increase in deferred lease obligation	550	1,559
Net cash from operating activities	<u>3,058,319</u>	<u>5,198,922</u>
 <b>Investing activities</b>		
Purchase of investments	(1,999,700)	-
Sale of investments	1,000,000	-
Purchase of furniture and equipment	(49,319)	(29,636)
Net cash from investing activities	<u>(1,049,019)</u>	<u>(29,636)</u>
 Net increase in cash and cash equivalent	2,009,300	5,169,286
 Cash and cash equivalents at beginning of period	<u>7,345,469</u>	<u>2,176,183</u>
 <b>Cash and cash equivalents at end of period</b>	<u><b>\$ 9,354,769</b></u>	<u><b>\$ 7,345,469</b></u>
 <b>Supplemental disclosures of cash flow information</b>		
In-kind donated goods and services	\$ 119,405	\$ 266,909

See accompanying notes to financial statements.

## NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

### Nature of Activities:

The Global FoodBanking Network (GFN) is an international not-for-profit organization that was incorporated in Illinois, USA on January 4, 2006. GFN supports community-driven solutions to alleviate hunger in more than 40 countries. While millions struggle to access enough safe and nutritious food, nearly a third of all food produced is lost or wasted. We're changing that. We believe food banks directed by local leaders are key to achieving Zero Hunger and building resilient food systems.

Food banks capture food that would otherwise go to waste and redistribute it to those in need. They are non-profit wholesale distributors, sourcing food destined for the landfill and delivering it to agencies serving the hungry at a fraction of the cost it would be to purchase the food at retail stores. The results are that more hungry people are fed, less food is wasted, and more charitable dollars go to addressing the root causes of hunger instead of purchasing food at retail costs.

Through expertise, resources, and connections, GFN makes it easier for food banks to expand service and provide more nutritious food. GFN's connections are global, but we focus primarily on advancing and supporting the food banking model in developing and emerging markets, where hunger and food loss rates are high.

Founded in 2006 by Bancos de Alimentos de México, Feeding America, Food Banks Canada, and Red Argentina de Bancos de Alimentos, GFN now connects and empowers organizations in 44 countries that together provide more than 2.4 billion meals (unaudited) annually to nourish 40 million people (unaudited). In addition, GFN closely partners with the European Federation of Food Banks (FEBA).

GFN's program activities are primarily funded through corporate, foundation, and individual contributions. GFN's ongoing operations are dependent on the continued support of these funders.

Basis of Presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. GFN reports information regarding its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions based upon the existence or absence of donor-imposed restrictions as follows:

- *Without Donor Restrictions:* net assets that are available to support GFN's operations and are not subject to donor-imposed restrictions.
- *With Donor Restrictions:* net assets that represent contributions received that are intended to be used for a purpose as specified by the donor and/or passage of time. Assets are released from donor restrictions by incurring expenses satisfying the purpose specified by the donor and/or passage of time. This also includes net assets that represent contributions that are subject to donor-imposed restrictions that are to be maintained permanently by GFN. There were no net assets with permanent donor restrictions as of June 30, 2021 and 2020.

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

Donated Services: A number of organizations have made in-kind donations or volunteered their services to GFN. Donated goods and services requiring specific expertise have been reflected in the financial statements at their approximate fair value.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recognition of Revenue and Public Support: Contributions are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions or restricted due to time. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions recognized on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction.

Private gifts, including pledges, are recognized in the period the gift is made. Conditional pledges, with a barrier and right of return, are not recognized until 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 discounted at an appropriate discount rate commensurate with the risks involved. Accretion of discount is recorded as additional contributions in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity.

Contributions received with donor-imposed restrictions that are met in the same year as the gifts are received are reported as contributions of the net asset with donor restrictions class until all restrictions of the donation have been met. Contributions from contract agreements is recognized as it is earned through expenditure in accordance with the agreements.

Cash and Cash Equivalents: Cash and cash equivalents consist of immediately available funds (checking and money market accounts). GFN maintains its cash in bank deposit accounts which, at times, may exceed federal insured limits.

Investments: GFN's investments are reported at fair value, net of fees. Investment return, including net realized and unrealized gains and losses, is reflected in the statement of activities as an increase or decrease in net assets. Interest income is recorded on the accrual basis. Gains and losses on sales are recorded on the trade date and determined using the specific identification method. GFN's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statements of financial position.

Foreign Currency Exchange: GFN provides assistance to food banks throughout the globe, and recognizes revenue and incurs expenses in foreign currency and converts it to U.S. dollar using exchange rates as of the date of the transaction. Foreign currency denominated cash deposits are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. GFN records its foreign currency net gain or net loss as an increase or decrease in net assets without donor restrictions.

Furniture and Equipment: Furniture and equipment over \$1,000 is capitalized and stated on the basis of cost at date of purchase or fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Functional Expenses: Operating expenses directly identified with a functional area are charged to that area and, where these expenses affect more than one area, costs have been allocated among the programs and supporting services benefited based on either full time equivalents of personnel or square footage of assigned space.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes: GFN has received a determination letter from the Internal Revenue Service indicating that it is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC, except for taxes pertaining to unrelated business income.

GFN follows guidance with respect to accounting for uncertain tax positions. No provision has been made for income taxes in the accompanying financial statements, as GFN has had no unrelated business income.

Management believes GFN has no material unrecognized income tax benefits, including any potential loss of its tax-exempt status. Accordingly, no provision for income taxes has been made in the financial statements. There were no income tax related interest or penalties recognized by GFN for the years ended June 30, 2021 and 2020. GFN has not been examined by any tax jurisdiction. GFN is no longer subject to examination by taxing authorities for the years before June 30, 2018. GFN recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. GFN recognized and accrued no amounts for interest and penalties as of and for the years ended June 30, 2021 and 2020. GFN does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Recent Accounting Guidance: In February 2016, the FASB issued (ASU) 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Implementation of the ASU has been delayed, and is now effective for annual periods beginning after December 15, 2021, and early adoption is permitted. GFN has not yet implemented this ASU and is in the process of assessing their effect on GFN's financial statements.

COVID-19 Risk Factors: The onset of the COVID – 19 pandemic resulted in a major outpouring of support for The Global FoodBanking Network and in turn the member food banks for which GFN serves. A majority of these funds were used to provide over \$9 million and \$11 million in grants to support member and non-member food banks' efforts in emergency response, crisis management and critical food relief as of June 30, 2021 and 2020, respectively.

**NOTE 2 - PLEDGES RECEIVABLE**

Unconditional promises to give are expected to be received in the following periods:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 2,335,848	\$ 2,028,880
Between one and five years	<u>7,155,060</u>	<u>1,582,624</u>
	9,490,908	3,611,504
Discount to net present value	<u>(114,059)</u>	<u>(3,021)</u>
	<u>\$ 9,376,849</u>	<u>\$ 3,608,483</u>

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 3 - PROJECT GRANTS**

GFN regularly seeks financial support for its Members and for non-member food bank development projects for specific projects/initiatives. Some funds are granted to GFN specifically for these proposed projects/initiatives; these funds are then granted to the Member(s) (or sponsors of the projects) and use of the funds is monitored by GFN to ensure compliance with the programmatic intent. GFN also provides grants to a Member (or sponsor of a project) from its general operating funds for a particular project/initiative. In such cases, similar oversight is provided by GFN to ensure appropriate use of the grant. As of June 30, 2021 and 2020, there were \$658,235 and \$551,100 in grants payable, respectively.

**NOTE 4 - LEASE OBLIGATION**

On November 15, 2016, the Global FoodBanking Network entered into a 10-year lease for office space in Chicago. The lease commenced on February 1, 2017 and expires on January 31, 2027. On December 5, 2019, the Global FoodBanking Network entered into a lease modification to expand the office space. The lease modification commenced on February 1, 2020 and expires on January 31, 2027.

The lease is classified as an operating lease. Rent expense totaled \$139,351 and \$120,773 for the years ended June 30, 2021 and 2020, respectively.

The following is a schedule of the minimum future rental payments under the office space lease:

<u>Fiscal Year</u>	
2022	\$ 141,533
2023	144,693
2024	147,884
2025	151,098
2026	154,340
Thereafter	<u>91,141</u>
Total	<u>\$ 830,689</u>

**NOTE 5 – LINE OF CREDIT**

On March 26, 2020 The Global FoodBanking Network secured a one-year, \$300,000 revolving line of credit with its primary bank that bears interest at the Wall Street Journal daily floating Prime Rate plus 1.00 percentage point. The Wall Street Journal Prime Rate at June 30, 2020 was 3.25 percent. The line of credit is considered unsecured for purposes of underwriting. However, a blanket lien on business assets will be filed. No balance was outstanding at June 30, 2020. The line of credit expired April 26, 2021, and was not renewed.

**NOTE 6 – INVESTMENTS**

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in GFN's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**NOTE 6 - INVESTMENTS** (Continued)

The Financial Accounting Standards Board (FASB) establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3:* Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following is a description of the valuation methods and assumptions used by GFN to estimate the fair value of investments:

U.S. Treasury Bills: U.S. Government obligations are determined by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value fixed income securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Assets measured on a recurring basis at fair value at June 30, 2021, are summarized below:

	Fair Value Measurements at June 30, 2021 Using		
	Level 1	Level 2	Level 3
Assets:			
U.S. treasury bills	\$ -	\$ 999,863	\$ -
Total assets at fair value	\$ -	\$ 999,863	\$ -

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(Continued)

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**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for either time or for specific food bank programs within specific countries and/or for designated projects to create food banks and networks where they are needed and supply and strengthen food banks where they already exist.

Net assets with donor restrictions consisted of the following at June 30:

<u>Program</u>	<u>2021</u>	<u>2020</u>
Grants to food banks	\$10,052,603	\$ 3,104,057
Program restricted	1,836,675	801,823
General operations, time restricted	<u>489,325</u>	<u>301,506</u>
	<u>\$12,378,603</u>	<u>\$ 4,207,386</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2021 and 2020, as follows:

	<u>2021</u>	<u>2020</u>
Program restrictions accomplished:		
Capacity building and technical assistance	\$ 1,056,905	\$ 730,751
New and emerging food bank development	126,172	457,782
Child hunger programs	80,000	162,380
Food Bank Leadership Institute	195,305	170,000
Research and evaluation	84,479	176,958
COVID and other grants to food banks	7,617,413	11,783,690
Other programs	38,824	91,009
Time restrictions	<u>113,333</u>	<u>75,298</u>
	<u>\$ 9,312,431</u>	<u>\$13,647,868</u>

**NOTE 8 - RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2021 and 2020, GFN recorded approximately \$1,652,790 and \$1,535,000, respectively, in cash and pledge contributions from companies or organizations that have affiliates who are members of GFN's Board of Directors. For the years ended June 30, 2021 and 2020, GFN recorded no in-kind contributions for professional services or from companies or organizations that have employees or partners who are members of GFN's Board of Directors. For the years ended June 30, 2021 and 2020, GFN recorded project grants of \$465,000 and \$1,693,242, respectively, to organizations that have affiliates who were members of GFN's Board of Directors during the fiscal year.

**NOTE 9 - IN-KIND CONTRIBUTIONS**

For the years ended June 30, 2021 and 2020, the following in-kind contributions were received by GFN:

	<u>2021</u>	<u>2020</u>
Legal services	\$ 119,405	\$ 146,909
Other professional services	<u>-</u>	<u>120,000</u>
Total in-kind contributions	<u>\$ 119,405</u>	<u>\$ 266,909</u>

(Continued)

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**NOTE 10 - LIQUIDITY AND AVAILABILITY**

GFN's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 9,354,769	\$ 7,345,468
One-year treasury bill	999,863	-
Pledges receivable	<u>2,335,848</u>	<u>2,028,880</u>
Financial assets to meet cash needs for general expenditure within one year	<u>\$ 12,690,480</u>	<u>\$ 9,374,348</u>

As part of GFN's liquidity management, GFN invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. GFN primarily meets its budgeted operating expenditures through its annual fundraising efforts.

**NOTE 11 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2021. Management has performed their analysis through October 20, 2021, the date the financial statements were available to be issued.