

THE GLOBAL FOODBANKING NETWORK
Chicago, Illinois

FINANCIAL STATEMENTS
June 30, 2010 and 2009

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
The Global FoodBanking Network
Chicago, Illinois

We have audited the accompanying statements of financial position of The Global FoodBanking Network (GFN) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of GFN's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "CROWE HORWATH LLP".

Crowe Horwath LLP

Chicago, Illinois
October 13, 2010

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 533,651	\$ 703,865
Other receivables	1,280	22,106
Other assets	<u>2,273</u>	<u>10,329</u>
Total current assets	537,204	736,300
 Equipment, net of accumulated depreciation of \$7,440 and \$9,558, respectively for 2010 and 2009	 <u>10,546</u>	 <u>9,567</u>
 Total assets	 <u>\$ 547,750</u>	 <u>\$ 745,867</u>
Liabilities		
Accounts payable	\$ 71,281	\$ 16,591
Project grants payable (Note 5)	185,000	25,000
Other accrued liabilities	<u>11,522</u>	<u>9,553</u>
Total current liabilities	267,803	51,144
Net assets (Note 3)		
Unrestricted	63,163	472,992
Temporarily restricted	<u>216,784</u>	<u>221,731</u>
Total net assets	<u>279,947</u>	<u>694,723</u>
 Total liabilities and net assets	 <u>\$ 547,750</u>	 <u>\$ 745,867</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

	2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Individual contributions	\$ 110,916	\$ -	\$ 110,916
Corporate and foundation contributions	1,185,612	270,000	1,455,612
Nonprofit organizations	64,787	44,770	109,557
Net assets released from restriction	319,717	(319,717)	-
Revenue			
Donated goods and services	819,230	-	819,230
Other revenue	9,050	-	9,050
Total public support and revenue	<u>2,509,312</u>	<u>(4,947)</u>	<u>2,504,365</u>
Expenses			
Program services	1,882,251	-	1,882,251
Supporting services			
General and administrative	635,550	-	635,550
Fund development	401,340	-	401,340
Total supporting services	<u>1,036,890</u>	<u>-</u>	<u>1,036,890</u>
Total expenses	<u>2,919,141</u>	<u>-</u>	<u>2,919,141</u>
Decrease in net assets	(409,829)	(4,947)	(414,776)
Net assets, beginning of period	<u>472,992</u>	<u>221,731</u>	<u>694,723</u>
Net assets, end of period	<u>\$ 63,163</u>	<u>\$ 216,784</u>	<u>\$ 279,947</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

	2009		<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
Public support and revenue			
Public support			
Individual contributions	\$ 123,898	\$ 200	\$ 124,098
Corporate and foundation contributions	2,062,641	240,000	2,302,641
Nonprofit organizations	31,301	59,720	91,021
Net assets released from restriction	632,485	(632,485)	-
Revenue			
Donated goods and services	547,092	-	547,092
Other revenue	15,968	-	15,968
Total public support and revenue	<u>3,413,385</u>	<u>(332,565)</u>	<u>3,080,820</u>
Expenses			
Program services	1,769,935	-	1,769,935
Supporting services			
General and administrative	692,614	-	692,614
Fund development	232,718	-	232,718
Total supporting services	<u>925,332</u>	<u>-</u>	<u>925,332</u>
Total expenses	<u>2,695,267</u>	<u>-</u>	<u>2,695,267</u>
Increase (decrease) in net assets	718,118	(332,565)	385,553
Net assets, beginning of period	<u>(245,126)</u>	<u>554,296</u>	<u>309,170</u>
Net assets, end of period	<u>\$ 472,992</u>	<u>\$ 221,731</u>	<u>\$ 694,723</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating activities		
Change in net assets	\$ (414,776)	\$ 385,553
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	4,601	5,390
Loss on disposal of fixed assets	2,789	-
Decrease in grants receivable	-	50,000
Decrease (increase) other current assets	28,882	(17,447)
Increase (decrease) in accounts payable	54,690	(74,150)
Increase (decrease) in project grants payable	160,000	(125,000)
Increase (decrease) in other accrued liabilities	<u>1,969</u>	<u>(15,462)</u>
Net cash from operating activities	(161,845)	208,884
 Investing activities		
Net cash from investing activities - purchase of fixed assets	<u>(8,369)</u>	<u>(5,908)</u>
 Net increase (decrease) in cash and cash equivalents	(170,214)	202,976
 Cash and cash equivalents at beginning of period	<u>703,865</u>	<u>500,889</u>
 Cash and cash equivalents at end of period	<u><u>\$ 533,651</u></u>	<u><u>\$ 703,865</u></u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2010

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 419,380	\$ 218,729	\$ 171,984	\$ 390,713	\$ 810,093
Payroll taxes	29,091	15,581	12,423	28,004	57,095
Employee benefits	73,277	46,221	32,815	79,036	152,313
Total salaries and related expenses	<u>521,748</u>	<u>280,531</u>	<u>217,222</u>	<u>497,753</u>	<u>1,019,501</u>
Professional services	55,282	30,909	63,348	94,257	149,539
Professional services in-kind	529,323	231,020	-	231,020	760,343
Occupancy	22,671	22,613	13,603	36,216	58,887
Telecommunications	23,003	8,577	2,349	10,926	33,929
Travel	204,905	37,249	45,101	82,350	287,255
Project grants	479,720	-	-	-	479,720
Supplies	4,326	3,960	1,293	5,253	9,579
Postage	1,455	340	11,432	11,772	13,227
Equipment	268	16	248	264	532
Printing and marketing	25,636	527	28,963	29,490	55,126
Staff development	2,251	409	95	504	2,755
Books, dues, and subscriptions	163	5,568	2,017	7,585	7,748
Insurance	6,776	4,311	2,588	6,899	13,675
Miscellaneous	213	3,075	245	3,320	3,533
Fees	2,262	2,526	6,314	8,840	11,102
Loss on disposal of fixed assets	363	2,204	222	2,426	2,789
Bad debt expense	-	300	5,000	5,300	5,300
Total expenses before depreciation	<u>1,880,365</u>	<u>634,135</u>	<u>400,040</u>	<u>1,034,175</u>	<u>2,914,540</u>
Depreciation	<u>1,886</u>	<u>1,415</u>	<u>1,300</u>	<u>2,715</u>	<u>4,601</u>
Total	<u>\$ 1,882,251</u>	<u>\$ 635,550</u>	<u>\$ 401,340</u>	<u>\$ 1,036,890</u>	<u>\$ 2,919,141</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 475,413	\$ 276,862	\$ 115,179	\$ 392,041	\$ 867,454
Payroll taxes	32,998	19,086	8,283	27,369	60,367
Employee benefits	71,807	47,396	10,380	57,776	129,583
Total salaries and related expenses	<u>580,218</u>	<u>343,344</u>	<u>133,842</u>	<u>477,186</u>	<u>1,057,404</u>
Professional services	130,587	39,692	38,956	78,648	209,235
Professional services in-kind	303,186	188,059	-	188,059	491,245
Occupancy	17,592	26,366	13,459	39,825	57,417
Telecommunications	38,221	8,836	3,399	12,235	50,456
Travel	294,278	51,986	17,326	69,312	363,590
Project grants	354,500	-	-	-	354,500
Supplies	5,362	5,013	1,349	6,362	11,724
Postage	965	2,088	4,449	6,537	7,502
Equipment	1,657	4,330	795	5,125	6,782
Printing and marketing	24,789	4,557	3,887	8,444	33,233
Staff development	1,120	-	195	195	1,315
Books, dues, and subscriptions	2,354	5,267	815	6,082	8,436
Insurance	6,197	6,042	3,102	9,144	15,341
Miscellaneous	348	1,886	-	1,886	2,234
Fees	6,671	2,345	10,447	12,792	19,463
Total expenses before depreciation	<u>1,768,045</u>	<u>689,811</u>	<u>232,021</u>	<u>921,832</u>	<u>2,689,877</u>
Depreciation	<u>1,890</u>	<u>2,803</u>	<u>697</u>	<u>3,500</u>	<u>5,390</u>
Total	<u>\$ 1,769,935</u>	<u>\$ 692,614</u>	<u>\$ 232,718</u>	<u>\$ 925,332</u>	<u>\$ 2,695,267</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009

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 seeks to alleviate world hunger by supporting food banks and food bank networks where they exist and by working collaboratively to create them where they are needed. GFN is dedicated to creating sustainable solutions, building efficient private and public partnerships, empowering people to develop themselves to participate in and contribute to their communities and the economy, and providing environmentally friendly alternatives to surplus food and grocery product disposal. GFN was founded by four of the world's leading national food bank networks: Red Argentina de Bancos de Alimentos; Food Banks Canada; Asociación Mexicana de Bancos de Alimentos; and Feeding America. Today, GFN's membership network encompasses the national food bank networks and independent food banks in Argentina, Australia, Canada, Colombia, Mexico, Japan, South Africa, the United Kingdom and the United States.

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

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon the existence or absence of donor imposed restrictions as follows:

- **Unrestricted Net Assets:** Unrestricted net assets are available to support GFN's operations and are not subject to donor-imposed restrictions. Donor-restricted contributions are reported as unrestricted support during the period in which specified conditions are met and restrictions are relieved.
- **Temporarily Restricted Net Assets:** Temporarily restricted net assets represent contributions received that are intended to be used for a purpose as specified by the donor. Assets are released from temporary restrictions by incurring expenses satisfying the purpose specified by the donors.
- **Permanently Restricted Net Assets:** Permanently restricted net assets represent contributions that are subject to donor-imposed restrictions that are to be maintained permanently by GFN. There were no permanently restricted net assets nor activity as of June 30, 2010 and 2009.

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.

Recognition of Revenue and Public Support: Contributions of cash or other assets with donor-imposed use restrictions are reported as revenue of the temporarily restricted net asset class. Restrictions on such cash or other assets are considered to be released in accordance with the use restrictions.

Cash and Cash Equivalents: Cash and cash equivalents consists of immediate available funds (checking and money market accounts). On October 3, 2008, FDIC deposit insurance was temporarily increased from \$100,000 to \$250,000. This change will remain in effect through December 31, 2013. As of June 30, 2010 and 2009, GFN had approximately \$2,030 and \$4,800, respectively, in excess of its insurable limit at its financial institution.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009

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

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

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.

Income Taxes: GFN is considered a private operating foundation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. On May 31, 2007, GFN notified the IRS of the organization's intent to terminate private operating foundation status and begin operating as a 501(c)(3) public charity effective July 1, 2007. On September 27, 2007, GFN received a letter from the IRS acknowledging their Notice of Intent to terminate private foundation status and informed GFN that they would be treated as a 501(c)(3) public charity for the 60-month period beginning July 1, 2007. At the end of the 60-month Advance Ruling Period, GFN will have to prove that it had met the requirements of public charity status.

GFN adopted guidance with respect to accounting for uncertain tax positions as of July 1, 2009. No provision has been made for income taxes in the accompanying financial statements, as GFN has had no unrelated business income. The adoption of this guidance had no effect on GFN's financial position. 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 year ended June 30, 2010. GFN has not been examined by any tax jurisdiction.

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 year ended June 30, 2010.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2010, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2010. Management has performed their analysis through October 13, 2010, the date the financial statements were available to be issued.

NOTE 2 - LEASES

For the year ended June 2010, GFN had no operating leases. For the year ended June 2009, GFN had an operating lease for office space. This lease was terminated and the last payment was made in January 2009. Total rent expense was \$0 and \$1,570 for 2010 and 2009, respectively.

On July 1, 2008, GFN signed a non-cancelable operating lease for an apartment in South Africa that expired on June 30, 2009. The apartment was used in lieu of paying for a hotel room. Total rent expense was \$15,175 for 2009.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

All of the temporarily restricted net assets are restricted for food bank projects within specific countries and/or for designated programs to create food banks and networks where they are needed and are likely to be sustainable. Temporarily restricted net assets consisted of the following at June 30:

<u>Funding Source</u>	<u>2010</u>	<u>2009</u>
Abbott Fund	\$ 37,069	\$ -
The Bank of New York Mellon	-	12,000
The DLA Piper Foundation	-	6,158
Kraft Foods	34,945	25,000
MAZON: A Jewish Response to Hunger	15,000	-
The P & G Fund of The Greater Cincinnati Foundation	100,000	133,853
Share our Strength	<u>29,770</u>	<u>44,720</u>
	<u>\$ 216,784</u>	<u>\$ 221,731</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, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Program restrictions accomplished:		
Program services	<u>\$ 319,717</u>	<u>\$ 632,485</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2010 and 2009, GFN recorded approximately \$353,000 and \$319,500, respectively, in cash and pledge contributions from companies or organizations that have representatives who are members of GFN's Board of Directors. For the years ended June 30, 2010 and 2009, GFN recorded in-kind contributions for professional services of \$760,343 and \$491,245, respectively, and office rent of \$58,887 and \$55,847, respectively, from companies or organizations that have representatives who are members of GFN's Board of Directors.

NOTE 5 - 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. Also, under certain circumstances, GFN may provide a grant 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, 2010 and 2009, GFN had \$185,000 and \$25,000, respectively, of project grants payable.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 6 – SUBSEQUENT EVENTS

Prior to the date of this report, but subsequent to June 30, 2010, GFN received unrestricted contributions of approximately \$490,000.