

THE GLOBAL FOODBANKING NETWORK
Chicago, Illinois

FINANCIAL STATEMENTS
June 30, 2013 and 2012

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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, 2013 and 2012, 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.

(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, 2013 and 2012, 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 Horwath LLP
Crowe Horwath LLP

Chicago, Illinois
August 16, 2013

THE GLOBAL FOODBANKING NETWORK
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 991,188	\$ 600,657
Other receivables	1,790	14,054
Other assets	<u>21,707</u>	<u>14,385</u>
Total current assets	1,014,685	629,096
 Equipment, net of accumulated depreciation of \$16,645 and \$16,186, respectively, for 2013 and 2012	 <u>5,012</u>	 <u>7,519</u>
 Total assets	 <u>\$ 1,019,697</u>	 <u>\$ 636,615</u>
LIABILITIES		
Accounts payable	\$ 18,808	\$ 24,871
Project grants payable (Note 4)	-	140,675
Other accrued liabilities	<u>13,943</u>	<u>24,023</u>
Total current liabilities	32,751	189,569
 Net assets		
Unrestricted	634,786	256,937
Temporarily restricted	<u>352,160</u>	<u>190,109</u>
Total net assets (Note 2)	<u>986,946</u>	<u>447,046</u>
 Total liabilities and net assets	 <u>\$ 1,019,697</u>	 <u>\$ 636,615</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF ACTIVITIES
For the year ended June 30, 2013

	2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Individual contributions	\$ 374,002	\$ 76,521	\$ 450,523
Corporate and foundation contributions	1,155,076	407,941	1,563,017
Organizations	19,550	25,500	45,050
Net assets released from restriction (Note 2)	347,911	(347,911)	-
Revenue			
Other revenue	<u>20,814</u>	<u>-</u>	<u>20,814</u>
Total public support and revenue	<u>1,917,353</u>	<u>162,051</u>	<u>2,079,404</u>
Expenses			
Program services	1,076,561	-	1,076,561
Supporting services			
General and administrative	275,790	-	275,790
Fund development	<u>198,073</u>	<u>-</u>	<u>198,073</u>
Total supporting services	<u>473,863</u>	<u>-</u>	<u>473,863</u>
Total expenses	<u>1,550,424</u>	<u>-</u>	<u>1,550,424</u>
Increase in net assets before in-kind	366,929	162,051	528,980
In-kind transactions			
Public support and revenue			
Donated goods and services	<u>929,745</u>	<u>-</u>	<u>929,745</u>
Total in-kind public support and revenue	929,745	-	929,745
Expenses			
Program services	461,656	-	461,656
Supporting services			
General and administrative	421,133	-	421,133
Fund development	<u>36,036</u>	<u>-</u>	<u>36,036</u>
Total supporting services	<u>457,169</u>	<u>-</u>	<u>457,169</u>
Total in-kind expenses	<u>918,825</u>	<u>-</u>	<u>918,825</u>
Increase in net assets, in-kind	<u>10,920</u>	<u>-</u>	<u>10,920</u>
Increase in net assets	377,849	162,051	539,900
Net assets, beginning of period	<u>256,937</u>	<u>190,109</u>	<u>447,046</u>
Net assets, end of period	<u>\$ 634,786</u>	<u>\$ 352,160</u>	<u>\$ 986,946</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF ACTIVITIES
For the year ended June 30, 2012

	2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Individual contributions	\$ 304,210	\$ -	\$ 304,210
Corporate and foundation contributions	1,134,521	759,900	1,894,421
Organizations	63,825	10,000	73,825
Net assets released from restriction (Note 2)	858,123	(858,123)	-
Revenue			
Other revenue	<u>15,960</u>	<u>-</u>	<u>15,960</u>
Total public support and revenue	<u>2,376,639</u>	<u>(88,223)</u>	<u>2,288,416</u>
Expenses			
Program services	1,486,629	-	1,486,629
Supporting services			
General and administrative	314,265	-	314,265
Fund development	<u>274,72</u>	<u>-</u>	<u>274,721</u>
Total supporting services	<u>588,986</u>	<u>-</u>	<u>588,986</u>
Total expenses	<u>2,075,615</u>	<u>-</u>	<u>2,075,615</u>
Increase (decrease) in net assets before in-kind	301,024	(88,223)	212,801
In-kind transactions			
Public support and revenue			
Donated goods and services	<u>1,064,932</u>	<u>-</u>	<u>1,064,932</u>
Total in-kind public support and revenue	1,064,932	-	1,064,932
Expenses			
Program services	453,890	-	453,890
Supporting services			
General and administrative	532,674	-	532,674
Fund development	<u>78,368</u>	<u>-</u>	<u>78,368</u>
Total supporting services	<u>611,042</u>	<u>-</u>	<u>611,042</u>
Total in-kind expenses	<u>1,064,932</u>	<u>-</u>	<u>1,064,932</u>
Increase in net assets, in-kind	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	301,024	(88,223)	212,801
Net assets, beginning of period	<u>(44,087)</u>	<u>278,332</u>	<u>234,245</u>
Net assets, end of period	<u>\$ 256,937</u>	<u>\$ 190,109</u>	<u>\$ 447,046</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2013

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 614,307	\$ 150,218	\$ 118,051	\$ 268,269	\$ 882,576
Payroll taxes	51,737	12,100	11,163	23,263	75,000
Employee benefits	97,336	26,120	16,004	42,124	139,460
Total salaries and related expenses	<u>763,380</u>	<u>188,438</u>	<u>145,218</u>	<u>333,656</u>	<u>1,097,036</u>
Professional services	41,797	26,842	21,441	48,283	90,080
Telecommunications	10,393	3,544	1,775	5,319	15,712
Travel	171,203	46,003	1,197	47,200	218,403
Project grants	48,000	-	-	-	48,000
Supplies	14,074	3,428	15,049	18,477	32,551
Postage	526	264	821	1,085	1,611
Printing and marketing	5,169	744	3,183	3,927	9,096
Staff development	-	25	-	25	25
Books, dues, and subscriptions	7,583	-	-	-	7,583
Insurance	7,215	2,754	775	3,529	10,744
Miscellaneous	1,452	1,049	100	1,149	2,601
Fees	2,868	1,901	7,695	9,596	12,464
Total expenses before depreciation	<u>1,073,660</u>	<u>274,992</u>	<u>197,254</u>	<u>472,246</u>	<u>1,545,906</u>
Depreciation	<u>2,901</u>	<u>798</u>	<u>819</u>	<u>1,617</u>	<u>4,518</u>
Total expenses before in-kind	<u>1,076,561</u>	<u>275,790</u>	<u>198,073</u>	<u>473,863</u>	<u>1,550,424</u>
Professional services in-kind	378,585	398,359	12,643	411,002	789,587
Occupancy in-kind	82,791	22,774	23,393	46,167	128,958
Hotel points in-kind	280	-	-	-	280
	<u>461,656</u>	<u>421,133</u>	<u>36,036</u>	<u>457,169</u>	<u>918,825</u>
Total	<u>\$ 1,538,217</u>	<u>\$ 696,923</u>	<u>\$ 234,109</u>	<u>\$ 931,032</u>	<u>\$ 2,469,249</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 502,348	\$ 174,141	\$ 163,710	\$ 337,851	\$ 840,199
Payroll taxes	37,285	16,008	14,948	30,956	68,241
Employee benefits	109,169	33,403	31,586	64,989	174,158
Total salaries and related expenses	648,802	223,552	210,244	433,796	1,082,598
Professional services	54,171	31,951	23,810	55,761	109,932
Telecommunications	10,314	3,801	3,864	7,665	17,979
Travel	157,979	38,058	8,252	46,310	204,289
Project grants	578,385	-	-	-	578,385
Supplies	6,290	6,311	10,257	16,568	22,858
Postage	1,415	386	1,241	1,627	3,042
Equipment	357	1,920	844	2,764	3,121
Printing and marketing	8,050	293	4,664	4,957	13,007
Staff development	1,685	-	485	485	2,170
Books, dues, and subscriptions	7,950	-	241	241	8,191
Insurance	5,992	3,567	2,615	6,182	12,174
Miscellaneous	642	381	-	381	1,023
Fees	2,078	2,333	7,112	9,445	11,523
Total expenses before depreciation	1,484,110	312,553	273,629	586,182	2,070,292
Depreciation	2,519	1,712	1,092	2,804	5,323
Total expenses before in-kind	1,486,629	314,265	274,721	588,986	2,075,615
Professional services in-kind	395,359	492,771	30,388	523,159	918,518
Occupancy in-kind	58,531	39,903	47,980	87,883	146,414
	453,890	532,674	78,368	611,042	1,064,932
Total	\$ 1,940,519	\$ 846,939	\$ 353,089	\$ 1,200,028	\$ 3,140,547

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating activities		
Change in net assets	\$ 539,900	\$ 212,801
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	4,518	5,323
In-kind contribution	10,920	-
Increase in other current assets	(5,978)	(11,294)
Decrease in accounts payable	(6,063)	(39,872)
(Decrease) increase in project grants payable	(140,675)	85,982
(Decrease) increase in other accrued liabilities	<u>(10,080)</u>	<u>7,183</u>
Net cash from operating activities	392,542	260,123
Investing activities		
Net cash from investing activities - purchase of fixed assets	<u>(2,011)</u>	<u>(5,290)</u>
Net cash and cash equivalent increase	390,531	254,833
Cash and cash equivalents at beginning of period	<u>600,657</u>	<u>345,824</u>
Cash and cash equivalents at end of period	<u>\$ 991,188</u>	<u>\$ 600,657</u>

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 is dedicated to alleviating world hunger through food banking. GFN creates, supports, and strengthens food banks and food bank networks around the world, in countries other than the US. GFN currently supports existing and developing food bank networks in more than 25 countries, home to more than one-third of the world's nearly one billion undernourished people. Through our network, GFN makes food banking efficient on a global scale. Working with businesses, service and faith-based organizations, NGOs, and others, we find socially responsible and economically effective ways to utilize resources in support of food banking.

GFN was founded by four of the world's leading national food bank networks: Feeding America (the food banking network which serves the United States and Puerto Rico), Asociación Mexicana de Bancos de Alimentos (the Mexican food banking network), Food Banks Canada (the Canadian food banking network), and Red Argentina de Bancos de Alimentos (the Argentinian food banking network). GFN also capitalizes on its close working relationship with FEBA, the European Federation of Food Banks, which supports food banking in Europe. GFN has also entered into an agreement with the Egyptian Food Bank/ Regional Food Banks Network (headquartered in UAE), to collaboratively develop food banks throughout the Middle East and Northern Africa.

GFN's program activities are primarily funded through corporate, foundation, and individual contributions. GFN's ongoing operations are dependent on continued support of corporate, foundation, and individual 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.
- *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 donor.
- *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, 2013 and 2012.

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.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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

Grant Revenue: Conditional grant revenue is recorded at the time the related funds are expended in accordance with the agreement.

Cash and Cash Equivalents: Cash and cash equivalents consists of immediately 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, 2013 and 2012, GFN had approximately \$506,000 and \$39,000, respectively, in excess of its insurable limit at its financial institution.

Furniture and Equipment: Furniture and 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.

Functional Expenses: Operating expenses directly identified with a functional area are charged to that area and, where these expenses affect more than one area, they are allocated on the basis of predetermined ratios.

Income Taxes: GFN is exempt from federal income tax on its related income pursuant to Sections 501(a) and 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). On March 25, 2013, the IRS issued a determination letter that GFN had terminated its private foundation status by operating as a public charity during the 60-month period starting July 1, 2007 and ending June 30, 2012 and accordingly, had been reclassified as a public charity described in Sections 170(b)(1)(a)(vi) and 509(a)(1) of the Code as of July 1, 2007. GFN was previously a private operating foundation described in Section 4942(j)(3) of the Code.

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, 2013 and 2012. GFN has not been examined by any tax jurisdiction. GFN is no longer subject to examination for the fiscal years ended June 30, 2010 and prior.

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, 2013 and 2012. GFN does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

All of the temporarily restricted net assets are restricted 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. Temporarily restricted net assets consisted of the following at June 30:

<u>Program</u>	<u>2013</u>	<u>2012</u>
Backpack Program in Mexico and Japan	\$ 135,159	\$ 80,836
Food Rescue & Employee Volunteerism	65,998	-
Developing Food Banks in India	63,403	89,273
Increase Development Capacity	87,600	10,000
Raise Awareness in Asia Pacific	<u>-</u>	<u>10,000</u>
	<u>\$ 352,160</u>	<u>\$ 190,109</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, 2013 and 2012, as follows:

	<u>2013</u>	<u>2012</u>
Program restrictions accomplished:		
Backpack Program in Mexico and Japan	\$ 71,177	\$ 84,108
Developing Food Banks in India	25,870	123,274
Food Bank Leadership Institute	175,000	110,000
Build GFN Management & Development Capacity	36,671	5,000
Food Bank Capacity Expansion in Hong Kong and Chile	15,000	-
Raise Awareness in Asia Pacific	10,000	-
Food Rescue & Employee Volunteerism	14,193	-
Developing Food Banks in Bulgaria	-	8,258
Feeding School Children Programs	-	2,583
Food Bank Capacity Expansion in Japan	-	25,000
Food Bank Capacity Expansion in Mexico and the UK	<u>-</u>	<u>499,900</u>
	<u>\$ 347,911</u>	<u>\$ 858,123</u>

NOTE 3 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2013 and 2012, GFN recorded approximately \$304,000 and \$350,000, 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, 2013 and 2012, GFN recorded in-kind contributions for professional services of \$698,735 and \$840,203, respectively, and office rent of \$128,958 and \$146,414, respectively, from companies or organizations that have employees or partners who are members of GFN's Board of Directors. For the years ended June 30, 2013 and 2012, GFN recorded project grants of \$0 and \$300,785, respectively, to organizations that have affiliates who were members of GFN's Board of Directors during the fiscal year.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 4 - 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, 2013 and 2012, GFN had \$0 and \$140,675, respectively, of project grants payable.

NOTE 5 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2013, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2013. Management has performed their analysis through August 16, 2013, the date the financial statements were available to be issued.