

THE GLOBAL FOODBANKING NETWORK
Chicago, Illinois

FINANCIAL STATEMENTS
June 30, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008, 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.


Crowe Horwath LLP

Chicago, Illinois
October 2, 2009

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 703,865	\$ 500,889
Grants receivable	-	50,000
Other receivables	22,106	764
Other assets	10,329	14,224
Total current assets	736,300	565,877
Equipment, net of accumulated depreciation of \$9,558 and \$4,168, respectively for 2009 and 2008	9,567	9,049
Total assets	\$ 745,867	\$ 574,926
Liabilities		
Accounts payable	\$ 16,591	\$ 90,741
Project grants payable (Note 6)	25,000	150,000
Other accrued liabilities	9,553	25,015
Total current liabilities	51,144	265,756
Net assets (Note 3)		
Unrestricted	472,992	(245,126)
Temporarily restricted	221,731	554,296
Total net assets	694,723	309,170
Total liabilities and net assets	\$ 745,867	\$ 574,926

See accompanying notes to financial statements.

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

	Year Ended June 30, 2009		
	Unrestricted	Temporarily Restricted	Total
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
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	3,413,385	(332,565)	3,080,820
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	925,332	-	925,332
Total expenses	2,695,267	-	2,695,267
Changes in net assets	718,118	(332,565)	385,553
Net assets, beginning of period	(245,126)	554,296	309,170
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
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

	Year Ended June 30, 2008		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Individual contributions	\$ 174,575	\$ -	\$ 174,575
Corporate and foundation contributions	532,917	1,257,817	1,790,734
Organizations	10,684	15,000	25,684
Net assets released from restriction	1,082,208	(1,082,208)	-
Revenue			
Membership dues	36,000	-	36,000
Donated goods and services	786,210	-	786,210
Other revenue	<u>5,881</u>	<u>-</u>	<u>5,881</u>
Total public support and revenue	2,628,475	190,609	2,819,084
Expenses			
Program services	1,877,790	-	1,877,790
Supporting services			
General and administrative	751,139	-	751,139
Fund development	<u>271,788</u>	<u>-</u>	<u>271,788</u>
Total supporting services	<u>1,022,927</u>	<u>-</u>	<u>1,022,927</u>
Total expenses	<u>2,900,717</u>	<u>-</u>	<u>2,900,717</u>
Change in net assets	(272,242)	190,609	(81,633)
Net assets, beginning of period	<u>27,116</u>	<u>363,687</u>	<u>390,803</u>
Net assets, end of period	<u>\$ (245,126)</u>	<u>\$ 554,296</u>	<u>\$ 309,170</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2009 and 2008

	2009	2008
Operating activities		
Change in net assets	\$ 385,553	\$ (81,633)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,390	3,186
Decrease in grants receivable	50,000	111,975
Decrease (increase) other current assets	(17,447)	24,458
Increase (decrease) in accounts payable	(74,150)	55,130
Increase (decrease) in project grants payable	(125,000)	150,000
Increase (decrease) in other accrued liabilities	(15,462)	23,153
Net cash from operating activities	208,884	286,269
 Investing activities		
Net cash from investing activities - purchase of fixed assets	(5,908)	(7,323)
 Net cash and cash equivalent increase	202,976	278,946
 Cash and cash equivalents at beginning of period	500,889	221,943
 Cash and cash equivalents at end of period	\$ 703,865	\$ 500,889

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	580,218	343,344	133,842	477,186	1,057,404
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	1,768,045	689,811	232,021	921,832	2,689,877
Depreciation	1,890	2,803	697	3,500	5,390
Total	\$ 1,769,935	\$ 692,614	\$ 232,718	\$ 925,332	\$ 2,695,267

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2008

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 601,280	\$ 141,819	\$ 154,878	\$ 296,697	\$ 897,977
Payroll taxes	43,580	11,448	7,039	18,487	62,067
Employee benefits	<u>62,292</u>	<u>24,609</u>	<u>14,481</u>	<u>39,090</u>	<u>101,382</u>
Total salaries and related expenses	707,152	177,876	176,398	354,274	1,061,426
Professional services	90,237	46,716	37,387	84,103	174,340
Professional services in-kind	307,102	438,761	-	438,761	745,863
Occupancy	24,971	11,396	6,510	17,906	42,877
Telecommunications	43,343	6,706	10,068	16,774	60,117
Travel	401,301	41,906	25,321	67,227	468,528
Project grants	220,090	-	-	-	220,090
Supplies	9,506	6,711	2,390	9,101	18,607
Postage	2,530	1,086	1,815	2,901	5,431
Equipment	1,505	2,371	550	2,921	4,426
Printing and marketing	44,859	9,263	6,441	15,704	60,563
Staff development	1,435	317	95	412	1,847
Books, dues, and subscriptions	12,135	1,331	922	2,253	14,388
Insurance	5,619	1,995	1,465	3,460	9,079
Miscellaneous	585	394	1,382	1,776	2,361
Fees	<u>3,092</u>	<u>3,774</u>	<u>722</u>	<u>4,496</u>	<u>7,588</u>
Total expenses before depreciation	1,875,462	750,603	271,466	1,022,069	2,897,531
Depreciation	<u>2,328</u>	<u>536</u>	<u>322</u>	<u>858</u>	<u>3,186</u>
Total	<u>\$ 1,877,790</u>	<u>\$ 751,139</u>	<u>\$ 271,788</u>	<u>\$ 1,022,927</u>	<u>\$ 2,900,717</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2008

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 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.

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, 2009 and 2008.

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.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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. Membership revenue is recognized in the period in which the membership fees are earned.

Promises to Give: Conditional promises to give are not included as support until the conditions are substantially met. For the years ended June 30, 2009 and June 30, 2008, GFN received \$400,000 and \$300,000 respectively of conditional promises to give that are not recognized as assets in the statements of financial position.

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, 2009 and 2008, GFN had approximately \$4,800 and \$434,000, respectively, in excess of insurable limit at its financial institution.

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 they have met the requirements of public charity status.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2009, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2009. Management has performed their analysis through September 29, 2009.

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THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 2 - LEASES

For the years ended June 2009 and June 2008, GFN had an operating lease for certain office space. The lease was terminated and the last payment was made in January 2009. Total rent expense was \$1,570 and \$2,530 for 2009 and 2008, 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.

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>2009</u>	<u>2008</u>
The Bank of New York Mellon	\$ 12,000	\$ -
John and Editha Kapoor Charitable Foundation	-	74,405
Cargill Incorporated Corporate Giving Program	-	50,000
The DLA Piper Foundation	6,158	20,550
Kraft Foods	25,000	17,544
MAZON: A Jewish Response to Hunger	-	30,000
The P & G Fund of The Greater Cincinnati Foundation	133,853	317,004
Share our Strength	<u>44,720</u>	<u>44,793</u>
	<u>\$ 221,731</u>	<u>\$ 554,296</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, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Program restrictions accomplished:		
Program services	<u>\$ 632,485</u>	<u>\$ 1,082,208</u>

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 4 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2009 and June 30, 2008, GFN recorded approximately \$319,500 and \$289,400, respectively, in cash and pledge contributions from companies or organizations that have representatives who are members of GFN's Board of Directors. For the year ended June 30, 2008, GFN recorded approximately \$30,000 in member dues from an organization that has a representative who is a member of GFN's Board of Directors. During fiscal year 2009, the practice of charging membership dues was eliminated. Therefore collections from members were deemed voluntary and accordingly accounted for as contributions. For the years ended June 30, 2009 and June 30, 2008, GFN recorded in-kind contributions for professional services of \$491,245 and \$735,684 and office rent of \$55,847 and \$40,347, respectively, from companies or organizations that have representatives who are members of GFN's Board of Directors.

NOTE 5 - IN KIND SERVICES

For the years ended June 30, 2009 and June 30, 2008, GFN recorded in-kind contributions for professional services of \$0 and \$10,179, respectively, from non-related parties.

NOTE 6 - 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 donor's 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, 2009 and 2008, GFN had \$25,000 and \$150,000, respectively, of project grants payable.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 7 - NEW ACCOUNTING STANDARDS

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." FSP FIN 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48 (Interpretation 48), *Accounting for Uncertainty in Income Taxes*, to its annual financial statements for fiscal years beginning after December 15, 2008. GFN has elected to defer the application of Interpretation 48 for the year ended June 30, 2009. GFN evaluates its uncertain tax positions using the provisions of FASB Statement 5, *Accounting for Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.