

THE GLOBAL FOODBANKING NETWORK
Chicago, Illinois

FINANCIAL STATEMENTS
June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Global FoodBanking Network
Chicago, Illinois

Opinion

We have audited the financial statements of The Global FoodBanking Network ("GFN"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GFN as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GFN and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the year ended June 30, 2023, GFN adopted new accounting guidance ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GFN's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Crowe LLP
Crowe LLP

Chicago, Illinois
October 25, 2023

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 9,451,057	\$ 10,245,577
Investments	746,178	1,033,883
Pledge receivables, current (Note 2)	2,545,885	2,612,455
Other assets	<u>176,348</u>	<u>386,371</u>
Total current assets	12,919,468	14,278,286
Pledge receivables, net of current portion (Note 2)	3,905,563	4,323,848
Other assets	84,055	67,257
Furniture and equipment, net of accumulated depreciation of \$129,469 and \$181,357 for 2023 and 2022, respectively	187,480	83,749
Right-of-use asset	<u>445,376</u>	<u>-</u>
Total assets	<u>\$ 17,541,942</u>	<u>\$ 18,753,140</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 244,681	\$ 477,038
Project grants payable (Note 3)	586,387	940,904
Operating lease liability, current (Note 4)	123,107	-
Other accrued liabilities	<u>370,843</u>	<u>297,369</u>
Total current liabilities	1,325,018	1,715,311
Deferred lease obligation	-	52,300
Operating lease liability, net of current (Note 4)	<u>368,826</u>	<u>-</u>
Total liabilities	1,693,844	1,767,611
Net assets		
Without donor restrictions	4,576,177	6,394,182
With donor restrictions (Note 6)	<u>11,271,921</u>	<u>10,591,347</u>
Total net assets	<u>15,848,098</u>	<u>16,985,529</u>
Total liabilities and net assets	<u>\$ 17,541,942</u>	<u>\$ 18,753,140</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

	2023		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Public support and revenue			
Public support			
Individual contributions	\$ 1,706,282	\$ 901,668	\$ 2,607,950
Foundation contributions	1,006,000	785,990	1,791,990
Corporate contributions	2,148,599	3,689,714	5,838,313
Contributions for grants to food banks	-	5,630,798	5,630,798
Net assets released from restriction (Note 6)	10,355,267	(10,355,267)	-
Revenue and gains			
Gain on currency exchange	321,755	-	321,755
Realized and unrealized gain on investments	15,540	-	15,540
Other revenue	143,709	27,671	171,380
Total public support, revenue, and gains	<u>15,697,152</u>	<u>680,574</u>	<u>16,377,726</u>
Expenses			
Program services	13,639,908	-	13,639,908
Supporting services			
General and administrative	1,850,988	-	1,850,988
Fund development	2,024,261	-	2,024,261
Total supporting services	<u>3,875,249</u>	<u>-</u>	<u>3,875,249</u>
Total expenses	<u>17,515,157</u>	<u>-</u>	<u>17,515,157</u>
Change in net assets before in-kind	(1,818,005)	680,574	(1,137,431)
In-kind transactions			
Public support and revenue			
Donated goods and services (Note 8)	146,696	-	146,696
Total in-kind public support and revenue	<u>146,696</u>	<u>-</u>	<u>146,696</u>
Expenses			
Program services	88,966	-	88,966
Supporting services			
General and administrative	57,730	-	57,730
Total in-kind expenses	<u>146,696</u>	<u>-</u>	<u>146,696</u>
Change in net assets, in-kind	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,818,005)	680,574	(1,137,431)
Net assets, beginning of period	6,394,182	10,591,347	16,985,529
Net assets, end of period	<u>\$ 4,576,177</u>	<u>\$ 11,271,921</u>	<u>\$ 15,848,098</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

	2022		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Public support and revenue			
Public support			
Individual contributions	\$ 1,609,777	\$ 273,061	\$ 1,882,838
Foundation contributions	1,800,000	700,000	2,500,000
Corporate contributions	3,203,390	2,418,948	5,622,338
Contributions for grants to food banks	-	6,397,430	6,397,430
Net assets released from restriction (Note 6)	11,579,766	(11,579,766)	-
Revenue and losses			
Loss on currency exchange	(870,335)	-	(870,335)
Realized and unrealized loss on investments	(64,634)	-	(64,634)
Other revenue	24,649	3,071	27,720
Total public support, revenue, and losses	<u>17,282,613</u>	<u>(1,787,256)</u>	<u>15,495,357</u>
Expenses			
Program services	14,786,827	-	14,786,827
Supporting services			
General and administrative	1,226,507	-	1,226,507
Fund development	1,502,490	-	1,502,490
Total supporting services	<u>2,728,997</u>	<u>-</u>	<u>2,728,997</u>
Total expenses	<u>17,515,824</u>	<u>-</u>	<u>17,515,824</u>
Change in net assets before in-kind	(233,211)	(1,787,256)	(2,020,467)
In-kind transactions			
Public support and revenue			
Donated goods and services (Note 8)	110,235	-	110,235
Total in-kind public support and revenue	<u>110,235</u>	<u>-</u>	<u>110,235</u>
Expenses			
Program services	38,928	-	38,928
Supporting services			
General and administrative	42,082	-	42,082
Fund development	29,225	-	29,225
Total supporting services	<u>71,307</u>	<u>-</u>	<u>71,307</u>
Total in-kind expenses	<u>110,235</u>	<u>-</u>	<u>110,235</u>
Change in net assets, in-kind	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(233,211)	(1,787,256)	(2,020,467)
Net assets, beginning of period	6,627,393	12,378,603	19,005,996
Net assets, end of period	<u>\$ 6,394,182</u>	<u>\$ 10,591,347</u>	<u>\$ 16,985,529</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023

	Program Services	Supporting Services		Total	Total Expenses
		General and Administrative	Fund Development		
Salaries	\$ 2,893,810	\$ 774,965	\$ 1,317,116	\$ 2,092,081	\$ 4,985,891
Payroll taxes	171,459	45,943	90,915	136,858	308,317
Employee benefits	514,775	102,170	155,848	258,018	772,793
Total salaries and related expenses	3,580,044	923,078	1,563,879	2,486,957	6,067,001
Professional services	1,499,288	686,804	214,788	901,592	2,400,880
Occupancy	96,264	23,895	38,508	62,403	158,667
Travel and meetings	773,307	125,238	96,673	221,911	995,218
Office expense	83,975	35,294	33,899	69,193	153,168
Publications and marketing	70,562	147	28,030	28,177	98,739
COVID-19 and other grants to food banks	7,220,932	-	-	-	7,220,932
Other operating	282,786	45,883	41,518	87,401	370,187
Total expenses before depreciation and in-kind	13,607,158	1,840,339	2,017,295	3,857,634	17,464,792
Depreciation	32,750	10,649	6,966	17,615	50,365
Total expenses before in-kind	13,639,908	1,850,988	2,024,261	3,875,249	17,515,157
In-kind expenses					
Other professional fees	6,010	-	-	-	6,010
Legal services	82,956	57,730	-	57,730	140,686
	88,966	57,730	-	57,730	146,696
Total	\$ 13,728,874	\$ 1,908,718	\$ 2,024,261	\$ 3,932,979	\$ 17,661,853

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
Salaries	\$ 2,597,365	\$ 630,774	\$ 930,175	\$ 1,560,949	\$ 4,158,314
Payroll taxes	165,445	44,317	66,375	110,692	276,137
Employee benefits	410,173	87,524	153,970	241,494	651,667
Total salaries and related expenses	<u>3,172,983</u>	<u>762,615</u>	<u>1,150,520</u>	<u>1,913,135</u>	<u>5,086,118</u>
Professional services	1,373,522	347,879	204,974	552,853	1,926,375
Occupancy	100,135	20,808	34,691	55,499	155,634
Travel and meetings	137,372	17,818	30,095	47,913	185,285
Office expense	70,328	31,173	22,436	53,609	123,937
Publications and marketing	37,783	583	24,502	25,085	62,868
COVID-19 and other grants to food banks	9,828,940	-	-	-	9,828,940
Other operating	40,331	39,808	28,316	68,124	108,455
Total expenses before depreciation and in-kind	<u>14,761,394</u>	<u>1,220,684</u>	<u>1,495,534</u>	<u>2,716,218</u>	<u>17,477,612</u>
Depreciation	<u>25,433</u>	<u>5,823</u>	<u>6,956</u>	<u>12,779</u>	<u>38,212</u>
Total expenses before in-kind	<u>14,786,827</u>	<u>1,226,507</u>	<u>1,502,490</u>	<u>2,728,997</u>	<u>17,515,824</u>
In-kind expenses					
Other professional fees	24,543	-	-	-	24,543
Legal services	14,385	42,082	29,225	71,307	85,692
	<u>38,928</u>	<u>42,082</u>	<u>29,225</u>	<u>71,307</u>	<u>110,235</u>
 Total	 <u>\$ 14,825,755</u>	 <u>\$ 1,268,589</u>	 <u>\$ 1,531,715</u>	 <u>\$ 2,800,304</u>	 <u>\$ 17,626,059</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ (1,137,431)	\$ (2,020,467)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	50,365	38,212
Noncash operating lease expense	107,290	-
Loss on disposal of fixed asset	207	3,827
Realized and unrealized (gain) loss on investment	(15,540)	64,634
Changes in assets and liabilities		
Change in pledges receivable	484,855	2,440,546
Change in other assets	193,225	(207,315)
Change in accounts payable	(232,357)	352,081
Change in project grants payable	(354,517)	282,669
Change in operating lease liability	(113,033)	-
Change in other accrued liabilities	73,474	69,456
Change in deferred lease obligation	-	(2,583)
Net cash from operating activities	<u>(943,462)</u>	<u>1,021,060</u>
Investing activities		
Purchase of investments	(1,696,755)	(2,348,654)
Sale of investments	2,000,000	2,250,000
Purchase of furniture and equipment	<u>(154,303)</u>	<u>(31,598)</u>
Net cash from investing activities	<u>148,942</u>	<u>(130,252)</u>
Net change in cash and cash equivalents	(794,520)	890,808
Cash and cash equivalents at beginning of period	<u>10,245,577</u>	<u>9,354,769</u>
Cash and cash equivalents at end of period	<u>\$ 9,451,057</u>	<u>\$ 10,245,577</u>
Supplemental disclosures of cash flow information		
In-kind donated goods and services	\$ 146,696	\$ 110,235

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 almost 2 billion meals (unaudited) annually to nourish 32 million people (unaudited). In addition, GFN closely partners with the European Federation of Food Banks (FEBA) and Feeding America.

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, 2023 and 2022.

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.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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. 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.

(Continued)

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 matters, 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, 2023 and 2022. GFN has not been examined by any tax jurisdiction. GFN has not yet been subject to examination by taxing authorities for the last three years. 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, 2023 and 2022. GFN does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Leases: Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in operating lease Right of Use (ROU) assets, current operating lease liabilities and noncurrent operating lease liabilities in the statement of financial position. Leases are classified between current and long-term liabilities based on their payment terms. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the statement of financial position. GFN does not have any financing leases.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. ROU assets also include prepaid rent and are adjusted by the unamortized balance of lease incentives.

As the implicit rate is generally not readily determinable for all of GFN's leases, GFN uses an estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. GFN gives consideration to outstanding debt as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Recently Implemented Pronouncements: ASU 2016-02 (the New Lease Standard) requires lessees to recognize a lease liability and a right-of-use (ROU) asset on the statement of financial position for most operating leases, except for those leases with an original term of 12 months or less. Accounting for finance leases is substantially unchanged. GFN adopted the New Lease Standard as of July 1, 2022 using a modified retrospective transition. Financial results reported in periods prior to 2022 are unchanged. GFN also elected the package of transition practical expedients, which among other things, does not require a reassessment of lease classification. The adoption of the New Lease Standard had an impact on the statement of financial position due to the recognition of \$604,966 of lease liabilities with corresponding \$552,666 right-of-use assets for operating leases as of July 1, 2022.

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - PLEDGES RECEIVABLE

For measurement purposes, discount rates between 4.49% - 5.40% are used for the year ended June 30, 2023 and between 2.80% - 2.99% are used for the year ended June 30, 2022. These are based on current treasury bill rates. Unconditional promises to give are expected to be received in the following periods:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 2,545,885	\$ 2,612,455
Between one and five years	<u>4,179,570</u>	<u>4,584,315</u>
	6,725,455	7,196,770
Discount to net present value	<u>(274,007)</u>	<u>(260,467)</u>
	<u>\$ 6,451,448</u>	<u>\$ 6,936,303</u>

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, 2023 and 2022, there were \$586,387 and \$940,904 in grants payable, respectively.

NOTE 4 - LEASES

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, with a 5 year option to extend. Management does not believe that it is reasonably certain that the lease extension will be exercised. 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 following is a schedule of the lease payments under the operating lease for years ending June 30:

2024	\$ 147,884
2025	151,098
2026	154,340
2027	<u>91,141</u>
	544,463
Less imputed interest	<u>(52,530)</u>
Total	<u>\$ 491,933</u>

The lease is classified as an operating lease. Operating lease costs totaled \$138,950 for the year ended June 30, 2023. The weighted average discount rate is 6%. The weighted average remaining lease term is 3.6 years.

(Continued)

THE GLOBAL FOODBANKING NETWORK
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June 30, 2023 and 2022

NOTE 5 – 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.

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).

Common Stocks: Common Stocks are determined by quoted market prices for identical or similar assets, if available in active markets.

Assets measured on a recurring basis at fair value at June 30, 2023 and 2022, are summarized below:

	Fair Value Measurements at June 30, 2023 Using		
	Level 1	Level 2	Level 3
Assets:			
U.S. treasury bills	\$ -	\$ 746,178	\$ -
Total assets at fair value	\$ -	\$ 746,178	\$ -

(Continued)

THE GLOBAL FOODBANKING NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - INVESTMENTS (Continued)

	Fair Value Measurements at June 30, 2022 Using		
	Level 1	Level 2	Level 3
Assets:			
U.S. treasury bills	\$ -	\$ 992,795	\$ -
Common stocks	<u>41,088</u>	<u>-</u>	<u>-</u>
 Total assets at fair value	 <u>\$ 41,088</u>	 <u>\$ 992,795</u>	 <u>\$ -</u>

NOTE 6 - 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>2023</u>	<u>2022</u>
Grants to food banks	\$ 7,242,650	\$ 8,127,565
Program restricted	3,555,375	2,247,304
General operations, time restricted	<u>473,896</u>	<u>216,478</u>
	 <u>\$ 11,271,921</u>	 <u>\$ 10,591,347</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, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Program restrictions accomplished:		
Capacity building and technical assistance	\$ 1,558,864	\$ 1,204,151
New and emerging food bank development	1,045,175	583,731
Child hunger programs	259,000	175,945
Knowledge Sharing and Education	243,568	270,264
Food Systems Partnerships	554,948	355,561
Research and evaluation	103,000	400,000
COVID and other grants to food banks	5,894,278	7,309,542
Humanitarian Emergency Response	621,434	1,012,926
Time restrictions	<u>75,000</u>	<u>267,646</u>
	 <u>\$ 10,355,267</u>	 <u>\$ 11,579,766</u>

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 - RELATED PARTY TRANSACTIONS

For the years ended June 30, 2023 and 2022, GFN recorded approximately \$2,370,650 and \$2,208,000, 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, 2023 and 2022, 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, see note 8. For the years ended June 30, 2023 and 2022, GFN recorded project grants of \$77,000 and \$744,426, respectively, to organizations that have affiliates who were members of GFN's Board of Directors during the fiscal year.

NOTE 8 - IN-KIND CONTRIBUTIONS

For the years ended June 30, 2023 and 2022, the following in-kind contributions were received by GFN:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 140,686	\$ 85,692
Other professional services	<u>6,010</u>	<u>24,543</u>
Total in-kind contributions	<u>\$ 146,696</u>	<u>\$ 110,235</u>

Contributed services recognized primarily comprise professional services from attorneys advising GFN on various administrative legal matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services.

NOTE 9 - 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>2023</u>	<u>2022</u>
Cash and equivalents	\$ 9,451,057	\$ 10,245,577
One-year treasury bill	746,178	992,795
Common stock	-	41,088
Pledges receivable, current	<u>2,545,885</u>	<u>2,612,455</u>
Financial assets to meet cash needs for general expenditure within one year	<u>\$ 12,743,120</u>	<u>\$ 13,891,915</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 10 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through October 25, 2023, the date the financial statements were available to be issued.
