

**THE GLOBAL FOODBANKING NETWORK**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
June 30, 2024 and 2023

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FINANCIAL STATEMENTS  
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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, 2024 and 2023, 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, 2024 and 2023, 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.

***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.

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(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 2, 2024

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,670,934	\$ 9,451,057
Investments	2,033,606	746,178
Pledge receivables, current (Note 2)	5,935,598	2,545,885
Other assets	<u>332,530</u>	<u>176,348</u>
Total current assets	<u>12,972,668</u>	<u>12,919,468</u>
Pledge receivables, net of current portion (Note 2)	776,810	3,905,563
Other assets	79,191	84,055
Furniture and equipment, net of accumulated depreciation of \$184,076 and \$129,469 for 2024 and 2023, respectively	133,180	187,480
Right-of-use asset	<u>331,202</u>	<u>445,376</u>
Total assets	<u>\$ 14,293,051</u>	<u>\$ 17,541,942</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 556,728	\$ 244,681
Project grants payable (Note 3)	112,000	586,387
Operating lease liability, current (Note 4)	133,812	123,107
Other accrued liabilities	<u>386,005</u>	<u>370,843</u>
Total current liabilities	1,188,545	1,325,018
Operating lease liability, net of current (Note 4)	<u>235,014</u>	<u>368,826</u>
Total liabilities	<u>1,423,559</u>	<u>1,693,844</u>
Net assets		
Without donor restrictions	3,688,045	4,576,177
With donor restrictions (Note 6)	<u>9,181,447</u>	<u>11,271,921</u>
Total net assets	<u>12,869,492</u>	<u>15,848,098</u>
Total liabilities and net assets	<u>\$ 14,293,051</u>	<u>\$ 17,541,942</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2024

	2024		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 1,894,691	\$ 598,441	\$ 2,493,132
Foundation contributions	1,029,775	571,650	1,601,425
Corporate contributions	1,707,420	3,889,746	5,597,166
Contributions for grants to food banks	-	4,440,388	4,440,388
Net assets released from restriction (Note 6)	11,638,126	(11,638,126)	-
Revenue and gains			
Gain on currency exchange	89,860	-	89,860
Realized and unrealized gain on investments	130,500	-	130,500
Other revenue	148,972	47,427	196,399
Total public support, revenue, and gains	<u>16,639,344</u>	<u>(2,090,474)</u>	<u>14,548,870</u>
<b>Expenses</b>			
Program services	13,701,763	-	13,701,763
Supporting services			
General and administrative	1,792,344	-	1,792,344
Fund development	2,033,369	-	2,033,369
Total supporting services	<u>3,825,713</u>	<u>-</u>	<u>3,825,713</u>
Total expenses	<u>17,527,476</u>	<u>-</u>	<u>17,527,476</u>
<b>Change in net assets before in-kind</b>	(888,132)	(2,090,474)	(2,978,606)
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services (Note 8)	156,705	-	156,705
Total in-kind public support and revenue	<u>156,705</u>	<u>-</u>	<u>156,705</u>
<b>Expenses</b>			
Program services	76,057	-	76,057
Supporting services			
General and administrative	80,648	-	80,648
Total in-kind expenses	<u>156,705</u>	<u>-</u>	<u>156,705</u>
<b>Change in net assets, in-kind</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	(888,132)	(2,090,474)	(2,978,606)
Net assets, beginning of period	4,576,177	11,271,921	15,848,098
<b>Net assets, end of period</b>	<u>\$ 3,688,045</u>	<u>\$ 9,181,447</u>	<u>\$ 12,869,492</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2023

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
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>
<b>Expenses</b>			
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>
<b>Change in net assets before in-kind</b>	(1,818,005)	680,574	(1,137,431)
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
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>
<b>Expenses</b>			
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>
<b>Change in net assets, in-kind</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	(1,818,005)	680,574	(1,137,431)
Net assets, beginning of period	6,394,182	10,591,347	16,985,529
<b>Net assets, end of period</b>	<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 FUNCTIONAL EXPENSES  
Year ended June 30, 2024

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
Salaries	\$ 3,699,321	\$ 808,013	\$ 1,339,114	\$ 2,147,127	\$ 5,846,448
Payroll taxes	214,460	57,225	95,025	152,250	366,710
Employee benefits	689,643	127,257	137,621	264,878	954,521
Total salaries and related expenses	4,603,424	992,495	1,571,760	2,564,255	7,167,679
Professional services	1,563,410	522,734	250,984	773,718	2,337,128
Occupancy	106,861	24,106	33,131	57,237	164,098
Travel and meetings	582,559	147,418	69,415	216,833	799,392
Office expense	120,078	43,247	45,207	88,454	208,532
Publications and marketing	154,351	-	18,619	18,619	172,970
Grants to food banks	6,488,711	-	-	-	6,488,711
Other operating	32,795	49,114	37,261	86,375	119,170
Total expenses before depreciation and in-kind	13,652,189	1,779,114	2,026,377	3,805,491	17,457,680
Depreciation	49,574	13,230	6,992	20,222	69,796
Total expenses before in-kind	13,701,763	1,792,344	2,033,369	3,825,713	17,527,476
In-kind expenses					
Other professional fees	4,853	-	-	-	4,853
Legal services	71,205	80,647	-	80,647	151,852
	76,058	80,647	-	80,647	156,705
Total	\$ 13,777,821	\$ 1,872,991	\$ 2,033,369	\$ 3,906,360	\$ 17,684,181

See accompanying notes to financial statements.



THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2023

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
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
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  
STATEMENTS OF CASH FLOWS  
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Operating activities</b>		
Change in net assets	\$ (2,978,606)	\$ (1,137,431)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	69,796	50,365
Noncash operating lease expense	114,174	107,290
Loss on disposal of fixed asset	652	207
Realized and unrealized gain on investment	(130,500)	(15,540)
Changes in assets and liabilities		
Change in pledges receivable	(260,960)	484,855
Change in other assets	(151,318)	193,225
Change in accounts payable	312,047	(232,357)
Change in project grants payable	(474,387)	(354,517)
Change in operating lease liability	(123,108)	(113,033)
Change in other accrued liabilities	15,162	73,474
Net cash from operating activities	<u>(3,607,048)</u>	<u>(943,462)</u>
<b>Investing activities</b>		
Purchase of investments	(6,422,927)	(1,696,755)
Sale of investments	5,266,000	2,000,000
Purchase of furniture and equipment	(16,148)	(154,303)
Net cash from investing activities	<u>(1,173,075)</u>	<u>148,942</u>
Net change in cash and cash equivalents	(4,780,123)	(794,520)
Cash and cash equivalents at beginning of period	<u>9,451,057</u>	<u>10,245,577</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,670,934</u>	<u>\$ 9,451,057</u>
<b>Supplemental disclosures of cash flow information</b>		
In-kind donated goods and services	\$ 156,705	\$ 146,696

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 supports community-driven solutions to alleviate hunger in more than 50 countries. In 2023, more than 280 million people around the world faced acute hunger, yet one-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 works across the globe with a primary focus on advancing and supporting the food banking model in developing and emerging markets, where hunger and food loss rates are highest.

In 2023, GFN connected and empowered 63 food banking organizations in 52 countries that together provided meals to more than 40 million people with the support of 300 million volunteers.

GFN was founded and incorporated in Illinois, USA in 2006 by Bancos de Alimentos de México, Feeding America, Food Banks Canada, and Red Argentina de Bancos de Alimentos, and partners closely 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, 2024 and 2023.

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

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

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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

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

Private gifts, including pledges, are recognized in the period the gift is made. Conditional pledges, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Accretion of discount is recorded as additional contributions in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity.

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

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

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

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

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

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

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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

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

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

Management believes GFN has no material unrecognized income tax 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, 2024 and 2023. 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, 2024 and 2023. 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.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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**NOTE 2 - PLEDGES RECEIVABLE**

For measurement purposes, discount rates between 4.52% - 5.09% are used for the year ended June 30, 2024 and between 4.49% - 5.40% are used for the year ended June 30, 2023. These are based on current treasury bill rates. Unconditional promises to give are expected to be received in the following periods:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 5,935,598	\$ 2,545,885
Between one and five years	830,000	4,179,570
	6,765,598	6,725,455
Discount to net present value	(53,190)	(274,007)
	\$ 6,712,408	\$ 6,451,448

**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, 2024 and 2023, there were \$112,000 and \$586,387 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:

2025	\$ 151,098
2026	154,340
2027	91,141
	396,579
Less imputed interest	(27,753)
Total	\$ 368,826

The lease is classified as an operating lease. Operating lease costs totaled \$138,950 for the years ended June 30, 2024 and 2023. The weighted average discount rate is 6.00% at June 30, 2024 and 2023. The weighted average remaining lease term is 2.6 years and 3.6 years at June 30, 2024 and 2023, respectively.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

**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).

Assets measured on a recurring basis at fair value at June 30, 2024 and 2023, are summarized below:

Fair Value Measurements at June 30, 2024 Using			
	Level 1	Level 2	Level 3
Assets:			
U.S. treasury bills	\$ -	\$ 2,033,606	\$ -
Total assets at fair value	\$ -	\$ 2,033,606	\$ -
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)

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**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>2024</u>	<u>2023</u>
Grants to food banks	\$ 4,767,811	\$ 7,242,650
Program restricted	3,580,906	3,555,375
General operations, time restricted	<u>832,730</u>	<u>473,896</u>
	<u>\$ 9,181,447</u>	<u>\$ 11,271,921</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, 2024 and 2023, as follows:

	<u>2024</u>	<u>2023</u>
Program restrictions accomplished:		
Capacity building and technical assistance	\$ 1,556,430	\$ 1,558,864
New and emerging food bank development	845,230	1,045,175
Nutrition programs	289,000	259,000
Knowledge Sharing and Education	567,136	243,568
Food Systems Partnerships	406,745	554,948
Research and evaluation	242,500	103,000
Grants to Food Banks	6,128,513	5,894,278
Humanitarian Emergency Response	786,715	621,434
Reduce wast, cut emmissions	583,357	-
Time restrictions	<u>232,500</u>	<u>75,000</u>
	<u>\$ 11,638,126</u>	<u>\$ 10,355,267</u>

**NOTE 7 - RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2024 and 2023, GFN recorded \$1,954,238 and \$2,370,650, respectively, in cash and pledge contributions from GFN's Board of Directors or related parties to the Board. For the years ended June 30, 2024 and 2023, 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, 2024 and 2023, GFN recorded project grants of \$629,449 and \$77,000, respectively, to organizations that have affiliates who were members of GFN's Board of Directors during the fiscal year.

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**NOTE 8 - IN-KIND CONTRIBUTIONS**

For the years ended June 30, 2024 and 2023, the following in-kind contributions were received by GFN:

	<u>2024</u>	<u>2023</u>
Legal services	\$ 151,852	\$ 140,686
Other professional services	<u>4,853</u>	<u>6,010</u>
Total in-kind contributions	<u>\$ 156,705</u>	<u>\$ 146,696</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>2024</u>	<u>2023</u>
Cash and equivalents	\$ 4,670,934	\$ 9,451,057
One-year treasury bill	2,033,606	746,178
Pledges receivable, current	<u>5,935,598</u>	<u>2,545,885</u>
Financial assets to meet cash needs for general expenditure within one year	<u>\$ 12,640,138</u>	<u>\$ 12,743,120</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, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through October 2, 2024, the date the financial statements were available to be issued.