

THE GLOBAL FOODBANKING NETWORK
Chicago, Illinois

FINANCIAL STATEMENTS
June 30, 2007 and 2006

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Crowe Chizek and Company LLC
Member Horwath International

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 (the Network) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2007, and the period from January 4, 2006 (date of inception) to June 30, 2006. These financial statements are the responsibility of the Network'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, 2007 and 2006, and changes in its net assets and its cash flows for the year ended June 30, 2007, and the period from January 4, 2006 (date of inception) to June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.


Crowe Chizek and Company LLC

Chicago, Illinois
November 29, 2007

THE GLOBAL FOODBANKING NETWORK
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 216,444	\$ 26,108
Cash held by fiscal agent (Note 2)	5,499	204,059
Grants receivable	100,000	-
Other receivable	37,939	-
Other assets	<u>1,507</u>	<u>-</u>
Total current assets	361,389	230,167
Grants receivable, net of discount of \$3,025	61,975	-
Equipment, net of accumulated depreciation of \$982	<u>4,912</u>	<u>-</u>
Total assets	<u>\$ 428,276</u>	<u>\$ 230,167</u>
 LIABILITIES		
Accounts payable	\$ 35,611	\$ 7,048
Other accrued liabilities	<u>1,862</u>	<u>-</u>
Total liabilities	37,473	7,048
 Net assets		
Unrestricted	27,116	180,819
Temporarily restricted (Note 1)	<u>363,687</u>	<u>42,300</u>
Total net assets	<u>390,803</u>	<u>223,119</u>
Total liabilities and net assets	<u>\$ 428,276</u>	<u>\$ 230,167</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2007

	Year Ended June 30, 2007			Total 2006
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue				
Public support				
Individual contributions	\$ 43,335	\$ -	\$ 43,335	\$ 82,200
Corporate and foundation contributions	397,867	651,065	1,048,932	139,143
Organizations	-	97,410	97,410	42,300
Net assets released from restrictions	427,088	(427,088)	-	-
Revenue				
Membership dues	50,000	-	50,000	-
Donated goods and services	538,236	-	538,236	-
Total public support and revenue	1,456,526	321,387	1,777,913	263,643
Expenses				
Program services	1,351,416	-	1,351,416	38,406
Supporting services				
General and administrative	138,333	-	138,333	8,589
Fund development	120,480	-	120,480	-
Total supporting services	258,813	-	258,813	8,589
Total expenses	1,610,229	-	1,610,229	46,995
Increase (decrease) in net assets	(153,703)	321,387	167,684	216,648
Net assets, beginning of period	180,819	42,300	223,119	6,471
Net assets, end of period	<u>\$ 27,116</u>	<u>\$ 363,687</u>	<u>\$ 390,803</u>	<u>\$ 223,119</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENTS OF ACTIVITIES
Period from January 4, 2006 (date of inception) to June 30, 2006

	Year Ended June 30, 2006		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support			
Public support			
Individual contributions	\$ 82,200	\$ -	\$ 82,200
Corporate and foundation contributions	139,143	-	139,143
Organizations	-	42,300	42,300
Total public support	221,343	42,300	263,643
 Expenses			
Program services	38,406	-	38,406
Supporting services			
General and administrative	8,589	-	8,589
Fund development	-	-	-
Total supporting services	8,589	-	8,589
Total expenses	46,995	-	46,995
 Increase in net assets	174,348	42,300	216,648
 Net assets, beginning of period	6,471	-	6,471
 Net assets, end of period	\$ 180,819	\$ 42,300	\$ 223,119

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
 STATEMENTS OF CASH FLOWS
 For the year ended June 30, 2007,
 and for the period from January 4, 2006 (date of inception) to June 30, 2006

	<u>2007</u>	<u>2006</u>
Operating activities		
Change in net assets	\$ 167,684	\$ 216,648
Adjustments to reconcile change in net assets to net cash from operations:		
Depreciation	982	-
Grants receivable	(161,975)	-
Other current assets	(39,446)	-
Accounts payable	28,563	7,048
Other current liabilities	<u>1,862</u>	<u>-</u>
Net cash from operating activities	<u>(2,330)</u>	<u>223,696</u>
 Investing Activities		
Net cash from investing activities – purchase of fixed assets	<u>(5,894)</u>	<u>-</u>
 Net cash increase (decrease) for period	 (8,224)	 223,696
 Cash at beginning of period	 <u>230,167</u>	 <u>6,471</u>
 Cash at end of year	 <u>\$ 221,943</u>	 <u>\$ 230,167</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES

For year ended June 30, 2007

	Supporting Services			Total Expenses
	Program Services	General & Administrative	Fund Development	
Salaries	\$ 310,786	\$ 43,676	\$ 71,518	\$ 425,980
Payroll taxes	27,284	3,985	6,118	37,387
Employee benefits	<u>43,151</u>	<u>10,746</u>	<u>6,832</u>	<u>60,729</u>
Total salaries and related expenses	381,221	58,407	84,468	524,096
Professional service	562,195	17,554	4,690	584,439
Occupancy	29,367	5,566	6,088	41,021
Telecommunications	23,002	6,191	4,137	33,330
Travel	170,189	26,209	17,258	213,656
Support to members	143,900	-	-	143,900
Supplies	4,037	14,733	2,116	20,886
Postage	3,020	1,708	1,290	6,018
Equipment	-	1,650	-	1,650
Printing	28,650	816	133	29,599
Marketing	2,898	196	-	3,094
Staff development	823	-	-	823
Insurance	-	137	-	137
Miscellaneous	2,037	1,778	300	4,115
Fees	<u>77</u>	<u>2,406</u>	<u>-</u>	<u>2,483</u>
Total expenses before depreciation	1,351,416	137,351	120,480	1,609,247
Depreciation	-	982	-	982
Total	<u>\$ 1,351,416</u>	<u>\$ 138,333</u>	<u>\$ 120,480</u>	<u>\$ 1,610,229</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
Period from January 4, 2006 (date of inception) to June 30, 2006

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Total</u>
Professional service	\$ 552	\$ -	\$ 552
Travel	36,599	-	36,599
Printing	1,255	-	1,255
Miscellaneous	<u>-</u>	<u>8,589</u>	<u>8,589</u>
 Total expenses before depreciation	 <u>\$ 38,406</u>	 <u>\$ 8,589</u>	 <u>\$ 46,995</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2007,
and for the period from January 4, 2006 (date of inception) to June 30, 2006

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: The Global Foodbanking Network (the Network) is an Illinois not for profit corporation which was incorporated on January 4, 2006. The Network's members include the national food bank networks in Argentina, Canada, Mexico, the United Kingdom and the United States. The Network seeks to alleviate world hunger by supporting food banks and food bank networks where they exist and working to create food banks and networks where they are needed and are likely to be sustainable. To accomplish this mission, the Network seeks to enhance the involvement of the global grocery products industry and philanthropic organizations and individuals interested in global hunger concerns, provides technical assistance to organizations or agencies in both member and non-member countries, and engages in nonpartisan research the results of which are or will be made available both to its members and the interested public.

Basis of Presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Network 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 the Network'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 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 the Network. There were no permanently restricted net assets nor activity for the year ended June 30, 2007 and period ended June 30, 2006.

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

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THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2007,
and for the period from January 4, 2006 (date of inception) to June 30, 2006

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Recognition of Revenue and Public Support: Contributions received with donor-imposed restrictions that are met in the same year as the gifts are received are reported as revenue of the unrestricted net asset class. Contributions of cash or other assets to be used 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.

Cash: Cash consists of immediate available funds (checking account). As of June 30, 2007 and June 30, 2006, the Network had \$116,444 and \$0 deposits 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: The Network is 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. The Network has applied with the Internal Revenue Service (IRS) for status as a charitable organization under Section 501(c)(3). On December 22, 2006, the Network received a letter of determination recognizing the organization as a 501(c)(3) Private Operating Foundation. On May 31, 2007, the Network 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 with the start of the new Fiscal Year (July 1, 2007). On September 27 the Network received a letter from the IRS acknowledging their Notice of Intent to Terminate Private Foundation Status and informed the Network 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, the Network will have to prove that they have met the requirements of Public Charity status.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets.

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THE GLOBAL FOODBANKING NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended June 30, 2007,
 and for the period from January 4, 2006 (date of inception) to June 30, 2006

NOTE 2 - CASH HELD BY FISCAL AGENT

On November 21, 2006, the Network entered into an agreement with America's Second Harvest (A2H) where the Network had requested that A2H act as its fiscal agent until the Network received its determination letter from the U.S. Internal Revenue Service. Under this agreement, A2H agrees to receive and hold funds on behalf of the Network from the Network's donors.

A2H releases the Network donor funds to the Network upon a written request from the Network. As of June 30, 2007 and 2006, \$5,499 and \$204,059 respectively was held by A2H representing funds A2H received from the Network's donors.

NOTE 3 - GRANTS RECEIVABLE

The Network recognizes grants receivable at fair value in the period the promise is made. Grants receivable are scheduled to be received over the following periods:

	<u>2007</u>	<u>2006</u>
Less than one year	\$ 100,000	\$ -
One to five years	65,000	-
More than five years	<u>-</u>	<u>-</u>
Total grants	165,000	-
Unamortized discount	(3,025)	-
Allowance for uncollectible grants	<u>-</u>	<u>-</u>
	<u>\$ 161,975</u>	<u>\$ -</u>

Grants receivable expected to be paid over periods greater than one year have been discounted at a rate of 4.88%, a rate closely aligned to the Treasury bill rate for the discount period.

NOTE 4 - LEASES

At June 30, 2007 the Network was committed under a non-cancelable operating lease for certain office space that expires on May 31, 2008. Total rent expense was approximately \$3,075 and \$0 for the year ended June 30, 2007 and period ended June 30, 2006, respectively. The lease has future minimum lease payments of approximately \$2,310 for fiscal year 2008.

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THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2007,
and for the period from January 4, 2006 (date of inception) to June 30, 2006

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

All of the temporarily restricted net assets are restricted for the purpose of working to create food banks and networks where they are needed and are likely to be sustainable. Temporarily restricted net assets consist of the following at June 30:

<u>Funding Source</u>	<u>2007</u>	<u>2006</u>
American Second Harvest	\$ 19,482	\$ -
Cargill	97,674	-
DLA Piper Foundation	25,000	-
Genco / Shear	10,000	-
Kellogg Company	59,595	-
Kraft Food	17,544	-
MAZON: Jewish Response to Hunger	29,302	42,300
Proctor and Gamble	55,000	-
Share our Strength	<u>50,090</u>	<u>-</u>
	<u>\$ 363,687</u>	<u>\$ 42,300</u>

NOTE 6 - RELATED PARTY TRANSACTIONS

For the year ended June 30, 2007 and period ended June 30, 2006, the Network recorded approximately \$401,000 and \$0, respectively, in cash and pledge contributions from companies or organizations that have representatives who are members of the Network's Board of Directors. For the year ended June 30, 2007, the Network recorded in-kind contributions from professional services of \$500,389 and office rent of \$37,887 from companies or organizations that have representatives who are members of the Network's Board of Directors. There were no in-kind contributions recorded for the period ended June 30, 2006. At June 30, 2007 and 2006, the Network had \$55,000 and \$0 respectively, of grants receivable from companies and organizations that have representatives who are members of the Network's Board of Directors.

NOTE 7 – SUPPORT TO MEMBERS

The Network regularly seeks financial support for its members and for food bank development projects in non-member countries for specific projects/initiatives. Some funds are granted to the Network specifically for these proposed projects/initiatives; these funds are then granted to the Member(s) (or sponsors of the projects in non-Member countries) and use of the funds is

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THE GLOBAL FOODBANKING NETWORK
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2007,
and for the period from January 4, 2006 (date of inception) to June 30, 2006

NOTE 7 – SUPPORT TO MEMBERS (Continued)

monitored by the Network to ensure compliance with the donor's intent. Also, under certain circumstances, the Network may provide a grant to a Member (or sponsor of a project in a non-Member country) from its general operating funds for a particular project/initiative. In such cases, similar oversight is provided by the Network to ensure appropriate use of the grant.