

**THE GLOBAL FOODBANKING NETWORK**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

THE GLOBAL FOODBANKING NETWORK  
FINANCIAL STATEMENTS  
June 30, 2011 and 2010

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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, 2011 and 2010, 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, 2011 and 2010, 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 26, 2011

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 345,824	\$ 533,651
Other receivables	-	1,280
Other assets	<u>17,145</u>	<u>2,273</u>
Total current assets	362,969	537,204
 Equipment, net of accumulated depreciation of \$12,435 and \$7,440, respectively for 2011 and 2010	 <u>7,552</u>	 <u>10,546</u>
 Total assets	 <u><u>\$ 370,521</u></u>	 <u><u>\$ 547,750</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 64,743	\$ 71,281
Project grants payable (Note 4)	54,693	185,000
Other accrued liabilities	<u>16,840</u>	<u>11,522</u>
Total current liabilities	136,276	267,803
<b>Net assets (Note 2)</b>		
Unrestricted	(44,087)	63,163
Temporarily restricted	<u>278,332</u>	<u>216,784</u>
Total net assets	<u>234,245</u>	<u>279,947</u>
 Total liabilities and net assets	 <u><u>\$ 370,521</u></u>	 <u><u>\$ 547,750</u></u>

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See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2011

	2011		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 231,171	\$ 1,765	\$ 232,936
Corporate and foundation contributions	637,400	545,011	1,182,411
Organizations	114,882	20,000	134,882
Net assets released from restriction	505,228	(505,228)	-
Revenue			
Other revenue	5,053	-	5,053
Total public support and revenue	<u>1,493,734</u>	<u>61,548</u>	<u>1,555,282</u>
<b>Expenses</b>			
Program services	927,174	-	927,174
Supporting services			
General and administrative	385,044	-	385,044
Fund development	288,766	-	288,766
Total supporting services	<u>673,810</u>	<u>-</u>	<u>673,810</u>
Total expenses	<u>1,600,984</u>	<u>-</u>	<u>1,600,984</u>
<b>Increase (decrease) in net assets</b>	(107,250)	61,548	(45,702)
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services	580,740	-	580,740
Total in-kind public support and revenue	<u>580,740</u>	<u>-</u>	<u>580,740</u>
<b>Expenses</b>			
Program services	262,237	-	262,237
Supporting services			
General and administrative	306,975	-	306,975
Fund development	11,528	-	11,528
Total supporting services	<u>318,503</u>	<u>-</u>	<u>318,503</u>
Total in-kind expenses	<u>580,740</u>	<u>-</u>	<u>580,740</u>
<b>Increase (decrease) in net assets, in-kind</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase (decrease) in net assets</b>	<u>(107,250)</u>	<u>61,548</u>	<u>(45,702)</u>
Net assets, beginning of period	<u>63,163</u>	<u>216,784</u>	<u>279,947</u>
<b>Net assets, end of period</b>	<u>\$ (44,087)</u>	<u>\$ 278,332</u>	<u>\$ 234,245</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2010

	2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 110,916	\$ -	\$ 110,916
Corporate and foundation contributions	1,185,612	270,000	1,455,612
Nonprofit organizations	64,787	44,770	109,557
Net assets released from restriction	319,717	(319,717)	-
Revenue			
Other revenue	9,050	-	9,050
Total public support and revenue	<u>1,690,082</u>	<u>(4,947)</u>	<u>1,685,135</u>
<b>Expenses</b>			
Program services	1,330,257	-	1,330,257
Supporting services			
General and administrative	381,917	-	381,917
Fund development	387,737	-	387,737
Total supporting services	<u>769,654</u>	<u>-</u>	<u>769,654</u>
Total expenses	<u>2,099,911</u>	<u>-</u>	<u>2,099,911</u>
<b>Decrease in net assets</b>	(409,829)	(4,947)	(414,776)
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services	819,230	-	819,230
Total in-kind public support and revenue	<u>819,230</u>	<u>-</u>	<u>819,230</u>
<b>Expenses</b>			
Program services	551,994	-	551,994
Supporting services			
General and administrative	253,633	-	253,633
Fund development	13,603	-	13,603
Total supporting services	<u>267,236</u>	<u>-</u>	<u>267,236</u>
Total in-kind expenses	819,230	-	819,230
<b>Increase (decrease) in net assets, in-kind</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Decrease in net assets</b>	<u>(409,829)</u>	<u>(4,947)</u>	<u>(414,776)</u>
Net assets, beginning of period	<u>472,992</u>	<u>221,731</u>	<u>694,723</u>
<b>Net assets, end of period</b>	<u>\$ 63,163</u>	<u>\$ 216,784</u>	<u>\$ 279,947</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2011

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 391,756	\$ 202,902	\$ 157,835	\$ 360,737	\$ 752,493
Payroll taxes	30,854	16,893	13,027	29,920	60,774
Employee benefits	87,422	44,741	29,835	74,576	161,998
Total salaries and related expenses	<u>510,032</u>	<u>264,536</u>	<u>200,697</u>	<u>465,233</u>	<u>975,265</u>
Professional services	95,023	47,546	41,330	88,876	183,899
Telecommunications	20,891	7,494	3,370	10,864	31,755
Travel	184,887	47,685	18,185	65,870	250,757
Project grants	54,693	-	-	-	54,693
Supplies	6,543	4,026	6,664	10,690	17,233
Postage	1,172	417	1,322	1,739	2,911
Equipment	1,527	2,580	588	3,168	4,695
Printing and marketing	32,574	858	3,808	4,666	37,240
Staff development	2,728	209	-	209	2,937
Books, dues, and subscriptions	5,991	165	1,566	1,731	7,722
Insurance	6,379	4,507	3,465	7,972	14,351
Miscellaneous	477	1,432	-	1,432	1,909
Fees	1,592	2,283	6,389	8,672	10,264
Total expenses before depreciation	<u>924,509</u>	<u>383,738</u>	<u>287,384</u>	<u>671,122</u>	<u>1,595,631</u>
Depreciation	2,665	1,306	1,382	2,688	5,353
Total expenses before in-kind	927,174	385,044	288,766	673,810	1,600,984
Professional services in-kind	218,770	276,722	-	276,722	495,492
Occupancy in-kind	43,467	30,253	11,528	41,781	85,248
	262,237	306,975	11,528	318,503	580,740
Total	<u>\$ 1,189,411</u>	<u>\$ 692,019</u>	<u>\$ 300,294</u>	<u>\$ 992,313</u>	<u>\$ 2,181,724</u>

See accompanying notes to financial statements.

**THE GLOBAL FOODBANKING NETWORK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2010

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 419,380	\$ 218,729	\$ 171,984	\$ 390,713	\$ 810,093
Payroll taxes	29,091	15,581	12,423	28,004	57,095
Employee benefits	73,277	46,221	32,815	79,036	152,313
Total salaries and related expenses	<u>521,748</u>	<u>280,531</u>	<u>217,222</u>	<u>497,753</u>	<u>1,019,501</u>
Professional services	55,282	30,909	63,348	94,257	149,539
Telecommunications	23,003	8,577	2,349	10,926	33,929
Travel	204,905	37,249	45,101	82,350	287,255
Project grants	479,720	-	-	-	479,720
Supplies	4,326	3,960	1,293	5,253	9,579
Postage	1,455	340	11,432	11,772	13,227
Equipment	268	16	248	264	532
Printing and marketing	25,636	527	28,963	29,490	55,126
Staff development	2,251	409	95	504	2,755
Books, dues, and subscriptions	163	5,568	2,017	7,585	7,748
Insurance	6,776	4,311	2,588	6,899	13,675
Miscellaneous	213	3,075	245	3,320	3,533
Fees	2,262	2,526	6,314	8,840	11,102
Loss on disposal of fixed assets	363	2,204	222	2,426	2,789
Bad debt expense	-	300	5,000	5,300	5,300
Total expenses before depreciation	<u>1,328,371</u>	<u>380,502</u>	<u>386,437</u>	<u>766,939</u>	<u>2,095,310</u>
Depreciation	<u>1,886</u>	<u>1,415</u>	<u>1,300</u>	<u>2,715</u>	<u>4,601</u>
Total expenses before in-kind	<u>1,330,257</u>	<u>381,917</u>	<u>387,737</u>	<u>769,654</u>	<u>2,099,911</u>
Professional services in-kind	529,323	231,020	-	231,020	760,343
Occupancy in-kind	22,671	22,613	13,603	36,216	58,887
	<u>551,994</u>	<u>253,633</u>	<u>13,603</u>	<u>267,236</u>	<u>819,230</u>
Total	<u>\$ 1,882,251</u>	<u>\$ 635,550</u>	<u>\$ 401,340</u>	<u>\$ 1,036,890</u>	<u>\$ 2,919,141</u>

See accompanying notes to financial statements.



THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF CASH FLOWS  
June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
<b>Operating activities</b>		
Change in net assets	\$ (45,702)	\$ (414,776)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,353	4,601
Loss on disposal of fixed assets	-	2,789
(Increase) decrease other current assets	(13,592)	28,882
(Decrease) increase in accounts payable	(6,538)	54,690
(Decrease) increase in project grants payable	(130,307)	160,000
Increase in other accrued liabilities	<u>5,318</u>	<u>1,969</u>
Net cash from operating activities	(185,468)	(161,845)
 <b>Investing activities</b>		
Net cash from investing activities - purchase of fixed assets	<u>(2,359)</u>	<u>(8,369)</u>
 Net decrease in cash and cash equivalents	(187,827)	(170,214)
 Cash and cash equivalents at beginning of period	<u>533,651</u>	<u>703,865</u>
 <b>Cash and cash equivalents at end of period</b>	<u>\$ 345,824</u>	<u>\$ 533,651</u>

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011 and 2010

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**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 collaborations, 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 membership network encompasses the national food bank networks and independent food banks in Argentina, Australia, Canada, Colombia, Guatemala, Mexico, Israel, Japan, South Africa, the United Kingdom and the United States.

GFN's program activities are primarily funded through corporate and foundation contributions. GFN's ongoing operations are dependent on continued support of corporate and foundation contributions.

Basis of Presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. GFN reports information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon the existence or absence of donor imposed restrictions as follows:

- **Unrestricted Net Assets:** Unrestricted net assets are available to support GFN's operations and are not subject to donor-imposed restrictions. 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, 2011 and 2010.

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

Recognition of Revenue and Public Support: Contributions of cash or other assets with donor-imposed use restrictions are reported as revenue of the temporarily restricted net asset class. Restrictions on such cash or other assets are considered to be released in accordance with the use restrictions.

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, 2011 and 2010, GFN had approximately \$0 and \$2,030, respectively, in excess of its insurable limit at its financial institution.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011 and 2010

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

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 exempt from federal income tax on its related income pursuant to Sections 501(a) and 501 (c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is a private operating foundation described in Section 4942(j)(3) of the Code.. On May 31, 2007, GFN notified the IRS of the organization's intent to terminate private foundation status by operating as a public charity during the 60-month period starting July 1, 2007. On September 27, 2007, GFN received a letter from the IRS acknowledging receipt of GFS's Notice of Intent to terminate private foundation status and informing GFN that its donors could rely on the determination that GFN is a not a private foundation until 90 days after the end of that 60-month period. GFN will have to prove that it had met the requirements for public charity status during that period, in which case it will be treated as having been a public charity for all purposes from the first date of that period and will thereafter be treated as a public charity if it continues to meet the requirements for public charity status.

GFN adopted 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. The adoption of this guidance had no effect on GFN's financial position. Management believes GFN has no material unrecognized income tax benefits, including any potential loss of its tax exempt status. Accordingly, no provision for income taxes has been made in the financial statements. There were no income tax related interest or penalties recognized by GFN for the year ended June 30, 2011 and 2010. GFN has not been examined by any tax jurisdiction. GFN is no longer subject to examination for the fiscal years ended June 30, 2007 and prior.

GFN recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. GFN recognized and accrued no amounts for interest and penalties as of and for the year ended June 30, 2011 and 2010.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2011, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2011. Management has performed their analysis through October 26, 2011, the date the financial statements were available to be issued.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011 and 2010

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**NOTE 2 - 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>Program</u>	<u>2011</u>	<u>2010</u>
Backpack Program in Mexico	\$ 54,944	\$ 166,839
Developing Food Banks in Bulgaria	8,258	34,945
Feeding School Children Programs	2,583	15,000
Developing Food Banks in India	<u>212,547</u>	<u>-</u>
	<u>\$ 278,332</u>	<u>\$ 216,784</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, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Program restrictions accomplished:		
Program services	<u>\$ 505,228</u>	<u>\$ 319,717</u>

GFN will, during the fiscal year ending June 30, 2012, restore to temporarily restricted funds, with the intent of fulfilling the applicable grants, the amount of approximately \$13,000 cash (\$44,000 accrual) that was used by GFN for general operating expenses during, and had not been restored by the end of, the fiscal year ended June 30, 2011. See note 5 for the amount of unrestricted contributions received after the year end date but prior to the report date.

**NOTE 3 - RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2011 and 2010, GFN recorded approximately \$648,000 and \$353,000, 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, 2011 and 2010, GFN recorded in-kind contributions for professional services of \$495,307 and \$760,343, respectively, and office rent of \$85,248 and \$58,887, respectively, from companies or organizations that have employees who are members of GFN's Board of Directors. For the years ended June 30, 2011 and 2010, GFN recorded project grants of \$22,917 and \$144,720 respectively to organizations that have affiliates who are members of GFN's Board of Directors.

**NOTE 4 - PROJECT GRANTS**

GFN regularly seeks financial support for its members and for non-member food bank development projects for specific projects/initiatives. Some funds are granted to GFN specifically for these proposed projects/initiatives; these funds are then granted to the Member(s) (or sponsors of the projects) and use of the funds is monitored by GFN to ensure compliance with the programmatic intent. Also, under certain circumstances, GFN may provide a grant to a Member (or sponsor of a project) from its general operating funds for a particular project/initiative. In such cases, similar oversight is provided by GFN to ensure appropriate use of the grant. As of June 30, 2011 and 2010, GFN had \$54,693 and \$185,000, respectively, of project grants payable.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011 and 2010

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**NOTE 5 - SUBSEQUENT EVENTS**

Prior to the date of this report, but subsequent to June 30, 2011, GFN received unrestricted contributions of approximately \$850,000.