

**THE GLOBAL FOODBANKING NETWORK**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

THE GLOBAL FOODBANKING NETWORK  
Chicago, Illinois

FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Global FoodBanking Network  
Chicago, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Global FoodBanking Network ("GFN"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to GFN's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

## 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, 2014 and 2013, 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.

A handwritten signature in black ink that reads "CROWE HORWATH LLP". The letters are in all caps and have a cursive, flowing style.

Crowe Horwath LLP

Chicago, Illinois  
October 21, 2014

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,210,264	\$ 991,188
Other receivables	650	1,790
Other assets	<u>11,599</u>	<u>21,707</u>
Total current assets	1,222,513	1,014,685
Equipment, net of accumulated depreciation of \$20,088 and \$16,645, respectively, for 2014 and 2013	<u>3,479</u>	<u>5,012</u>
Total assets	<u>\$ 1,225,992</u>	<u>\$ 1,019,697</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 23,807	\$ 18,808
Project grants payable (Note 5)	45,266	-
Other accrued liabilities	<u>23,073</u>	<u>13,943</u>
Total current liabilities	92,146	32,751
Net assets		
Unrestricted	1,008,800	634,786
Temporarily restricted (Note 2)	<u>125,046</u>	<u>352,160</u>
Total net assets	<u>1,133,846</u>	<u>986,946</u>
Total liabilities and net assets	<u>\$ 1,225,992</u>	<u>\$ 1,019,697</u>

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See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2014

	2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 745,211	\$ 2,177	\$ 747,388
Corporate and foundation contributions	796,728	622,566	1,419,294
Organizations	48,650	-	48,650
Net assets released from restriction (Note 2)	851,857	(851,857)	-
Revenue			
Other revenue	40,017	-	40,017
Total public support and revenue	<u>2,482,463</u>	<u>(227,114)</u>	<u>2,255,349</u>
<b>Expenses</b>			
Program services	1,530,894	-	1,530,894
Supporting services			
General and administrative	274,410	-	274,410
Fund development	292,699	-	292,699
Total supporting services	<u>567,109</u>	<u>-</u>	<u>567,109</u>
Total expenses	<u>2,098,003</u>	<u>-</u>	<u>2,098,003</u>
<b>Change in net assets before in-kind</b>	384,460	(227,114)	157,346
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services	<u>419,920</u>	<u>-</u>	<u>419,920</u>
Total in-kind public support and revenue	<u>419,920</u>	<u>-</u>	<u>419,920</u>
<b>Expenses</b>			
Program services	193,095	-	193,095
Supporting services			
General and administrative	197,561	-	197,561
Fund development	39,710	-	39,710
Total supporting services	<u>237,271</u>	<u>-</u>	<u>237,271</u>
Total in-kind expenses	<u>430,366</u>	<u>-</u>	<u>430,366</u>
<b>Change in net assets, in-kind</b>	<u>(10,446)</u>	<u>-</u>	<u>(10,446)</u>
<b>Change in net assets</b>	374,014	(227,114)	146,900
Net assets, beginning of period	<u>634,786</u>	<u>352,160</u>	<u>986,946</u>
<b>Net assets, end of period</b>	<u>\$ 1,008,800</u>	<u>\$ 125,046</u>	<u>\$ 1,133,846</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2013

	2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 238,414	\$ 49,271	\$ 287,685
Corporate and foundation contributions	1,280,240	435,191	1,715,431
Organizations	29,975	25,500	55,475
Net assets released from restriction (Note 2)	347,911	(347,911)	-
Revenue			
Other revenue			
Total public support and revenue	<u>20,814</u>	<u>-</u>	<u>20,814</u>
	<u>1,917,353</u>	<u>162,051</u>	<u>2,079,404</u>
<b>Expenses</b>			
Program services	1,076,561	-	1,076,561
Supporting services			
General and administrative	275,790	-	275,790
Fund development	<u>198,073</u>	<u>-</u>	<u>198,073</u>
Total supporting services	<u>473,863</u>	<u>-</u>	<u>473,863</u>
Total expenses	<u>1,550,424</u>	<u>-</u>	<u>1,550,424</u>
<b>Change in net assets before in-kind</b>	366,929	162,051	528,980
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services	<u>929,745</u>	<u>-</u>	<u>929,745</u>
Total in-kind public support and revenue	929,745	-	929,745
<b>Expenses</b>			
Program services	461,656	-	461,656
Supporting services			
General and administrative	421,133	-	421,133
Fund development	<u>36,036</u>	<u>-</u>	<u>36,036</u>
Total supporting services	<u>457,169</u>	<u>-</u>	<u>457,169</u>
Total in-kind expenses	<u>918,825</u>	<u>-</u>	<u>918,825</u>
<b>Change in net assets, in-kind</b>	<u>10,920</u>	<u>-</u>	<u>10,920</u>
<b>Change in net assets</b>	377,849	162,051	539,900
Net assets, beginning of period	<u>256,937</u>	<u>190,109</u>	<u>447,046</u>
<b>Net assets, end of period</b>	<u>\$ 634,786</u>	<u>\$ 352,160</u>	<u>\$ 986,946</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2014

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 625,434	\$ 170,067	\$ 172,075	\$ 342,142	\$ 967,576
Payroll taxes	50,466	14,399	15,190	29,589	80,055
Employee benefits	98,858	26,539	17,502	44,041	142,899
Total salaries and related expenses	<u>774,758</u>	<u>211,005</u>	<u>204,767</u>	<u>415,772</u>	<u>1,190,530</u>
Travel	147,331	28,771	2,881	31,652	178,983
Professional services	18,432	21,724	49,603	71,327	89,759
Communications and marketing	20,721	428	3,745	4,173	24,894
Supplies and software	15,877	3,240	18,984	22,224	38,101
Telecommunications	8,625	2,511	2,220	4,731	13,356
Fees	2,059	1,548	8,649	10,197	12,256
Insurance	6,516	2,970	972	3,942	10,458
Project grants	458,372	-	-	-	458,372
Funds returned to donor (Note 2)	73,742	-	-	-	73,742
Other operating	2,259	1,645	205	1,850	4,109
Total expenses before depreciation	<u>1,528,692</u>	<u>273,842</u>	<u>292,026</u>	<u>565,868</u>	<u>2,094,560</u>
Depreciation	<u>2,202</u>	<u>568</u>	<u>673</u>	<u>1,241</u>	<u>3,443</u>
Total expenses before in-kind	1,530,894	274,410	292,699	567,109	2,098,003
Professional services in-kind	89,244	171,519	9,818	181,337	270,581
Occupancy in-kind	80,659	24,530	29,444	53,974	134,633
Other goods and services	14,584	-	-	-	14,584
Travel in-kind	8,608	1,512	448	1,960	10,568
	<u>193,095</u>	<u>197,561</u>	<u>39,710</u>	<u>237,271</u>	<u>430,366</u>
Total	<u>\$ 1,723,989</u>	<u>\$ 471,971</u>	<u>\$ 332,409</u>	<u>\$ 804,380</u>	<u>\$ 2,528,369</u>

See accompanying notes to financial statements.



THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2013

	Program Services	Supporting Services			Total Expenses
		General & Administrative	Fund Development	Total	
Salaries	\$ 614,308	\$ 150,218	\$ 118,051	\$ 268,269	\$ 882,577
Payroll taxes	51,738	12,100	11,163	23,263	75,001
Employee benefits	97,334	26,120	16,004	42,124	139,458
Total salaries and related expenses	<u>763,380</u>	<u>188,438</u>	<u>145,218</u>	<u>333,656</u>	<u>1,097,036</u>
Travel	171,203	46,003	1,197	47,200	218,403
Professional services	41,797	26,842	21,441	48,283	90,080
Communications and marketing	5,695	1,008	4,004	5,012	10,707
Supplies and software	14,074	3,428	15,049	18,477	32,551
Telecommunications	10,393	3,544	1,775	5,319	15,712
Fees	2,869	1,900	7,695	9,595	12,464
Insurance	7,215	2,754	775	3,529	10,744
Project grants	48,000	-	-	-	48,000
Other operating	9,034	1,075	100	1,175	10,209
Total expenses before depreciation	<u>1,073,660</u>	<u>274,992</u>	<u>197,254</u>	<u>472,246</u>	<u>1,545,906</u>
Depreciation	<u>2,901</u>	<u>798</u>	<u>819</u>	<u>1,617</u>	<u>4,518</u>
Total expenses before in-kind	<u>1,076,561</u>	<u>275,790</u>	<u>198,073</u>	<u>473,863</u>	<u>1,550,424</u>
Professional services in-kind	378,585	398,359	12,643	411,002	789,587
Occupancy in-kind	82,791	22,774	23,393	46,167	128,958
Travel in-kind	280	-	-	-	280
	<u>461,656</u>	<u>421,133</u>	<u>36,036</u>	<u>457,169</u>	<u>918,825</u>
Total	<u>\$ 1,538,217</u>	<u>\$ 696,923</u>	<u>\$ 234,109</u>	<u>\$ 931,032</u>	<u>\$ 2,469,249</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
<b>Operating activities</b>		
Change in net assets	\$ 146,900	\$ 539,900
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	3,443	4,518
Decrease (increase) in in-kind travel	(10,445)	10,920
Decrease (increase) in current assets	21,693	(5,978)
Increase (decrease) in accounts payable	4,999	(6,063)
Increase (decrease) in project grants payable	45,266	(140,675)
Increase (decrease) in accrued vacation	<u>9,130</u>	<u>(10,080)</u>
Net cash from operating activities	220,986	392,542
<b>Investing activities</b>		
Net cash from investing activities - purchase of fixed assets	<u>(1,910)</u>	<u>(2,011)</u>
Net increase in cash and cash equivalents	219,076	390,531
Cash and cash equivalents at beginning of period	<u>991,188</u>	<u>600,657</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$1,210,264</u></b>	<b><u>\$ 991,188</u></b>

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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 is dedicated to alleviating world hunger through food banking. GFN creates, supports, and strengthens food banks and food bank networks around the world, in countries other than the US. GFN currently supports existing and developing food bank networks in more than 30 countries, home to more than one-third of the world's nearly one billion undernourished people. Through our network, GFN makes food banking efficient on a global scale. Working with businesses, service and faith-based organizations, NGOs, and others, we find socially responsible and economically effective ways to utilize resources in support of food banking. Our programs and services focus on training and technical assistance, partnership development with potential resource providers, certification of food banks and food bank networks, and public education about global hunger and food waste.

GFN was founded by four of the world's leading national food bank networks: Feeding America (the food banking network which serves the United States and Puerto Rico), Bancos de Alimentos de Mexico (the Mexican food banking network), Food Banks Canada (the Canadian food banking network), and Red Argentina de Bancos de Alimentos (the Argentinian food banking network). GFN has a close working relationship with FEBA, the European Federation of Food Banks, which supports food banking in Europe. GFN has also entered into an agreement with the Egyptian Food Bank to collaboratively develop food banks throughout the Middle East and portions of Africa.

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 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.
- *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 donor.
- *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, 2014 and 2013.

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.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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

Grant Revenue: Conditional grant revenue is recorded at the time the related funds are expended in accordance with the agreement.

Cash and Cash Equivalents: Cash and cash equivalents consists of immediately available funds (checking and money market accounts). As of June 30, 2014 and 2013, GFN had approximately \$709,000 and \$506,000, respectively, in excess of its insurable limit at its financial institution.

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.

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.

Functional Expenses: Operating expenses directly identified with a functional area are charged to that area and, where these expenses affect more than one area, they are allocated on the basis of predetermined ratios.

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 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 years ended June 30, 2014 and 2013. GFN has not been examined by any tax jurisdiction. GFN is no longer subject to examination for the fiscal years ended June 30, 2011 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 years ended June 30, 2014 and 2013. GFN does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS**

All of the temporarily restricted net assets are restricted 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. Temporarily restricted net assets consisted of the following at June 30:

<u>Program</u>	<u>2014</u>	<u>2013</u>
BackPack Program	\$ -	\$ 135,159
Food Rescue and Employee Volunteerism	89,972	65,998
Developing Food Banks in India	35,074	63,403
Increase Development Capacity	<u>-</u>	<u>87,600</u>
	<u>\$ 125,046</u>	<u>\$ 352,160</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, 2014 and 2013, as follows:

	<u>2014</u>	<u>2013</u>
Program restrictions accomplished:		
BackPack Program	\$ 61,417	\$ 71,177
Developing Food Banks in India	28,329	25,870
Food Bank Leadership Institute	90,500	175,000
Build GFN Management and Development Capacity	90,577	36,671
Food Bank Capacity Expansion in Hong Kong and Chile	20,000	15,000
Raise Awareness in Asia Pacific	-	10,000
Food Rescue and Employee Volunteerism	19,965	14,193
Building Food Bank Capacity in Mexico and the UK	467,327	-
Funds Returned to Donor	<u>73,742</u>	<u>-</u>
	<u>\$ 851,857</u>	<u>\$ 347,911</u>

A donor had provided a grant to assess the feasibility of a BackPack Program in Asia. After conducting a pilot project, the food bank in Asia, determined that the BackPack Program format could not be successfully integrated into the culture and educational infrastructure of the region. The project was therefore terminated, and the remaining funds were returned to the donor.

**NOTE 3 - RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2014 and 2013, GFN recorded approximately \$340,075 and \$304,000, respectively, in cash and pledge contributions from companies or organizations that have affiliates who are members of GFN's Board of Directors. GFN recorded in-kind contributions for professional services of \$251,040 and \$698,735 respectively, and office rent and furnishings of \$134,633 and, \$128,958 respectively, from companies or organizations that have employees or partners who are members of GFN's Board of Directors. For the years ended June 30, 2014 and 2013, GFN recorded project grants of \$36,000 and \$0, respectively, to organizations that have affiliates who were members of GFN's Board of Directors during the fiscal year.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 4 – IN-KIND CONTRIBUTIONS**

For the years ended June 30, 2014 and June 30, 2013, the following in-kind contributions were received by GFN:

	<u>2014</u>	<u>2013</u>
Legal services	\$ 270,581	\$ 789,587
Office rent and furnishing	134,633	128,958
Travel	123	11,200
Other professional services	12,153	-
Catering	<u>2,430</u>	<u>-</u>
Total in-kind contributions	<u>\$ 419,920</u>	<u>\$ 929,745</u>

**NOTE 5 - 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, 2014 and 2013, GFN had \$45,266 and \$0, respectively, of project grants payable.

**NOTE 6 - SUBSEQUENT EVENTS**

During the six month period of January through June 2014, GFN raised \$350,000 in qualified donations that made GFN eligible to receive a 2 to 1 match by an anonymous donor. The \$700,000 matching grant was received in August of 2014.

Management has performed an analysis of the activities and transactions subsequent to June 30, 2014, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2014. Management has performed their analysis through October 21, 2014, the date the financial statements were available to be issued.