

**THE GLOBAL FOODBANKING NETWORK**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
June 30, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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  
September 27, 2016

THE GLOBAL FOODBANKING NETWORK  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 904,440	\$ 1,111,652
Certificate of deposit	254,036	251,356
Pledge receivables	36,035	54,930
Other assets	<u>20,210</u>	<u>31,154</u>
Total current assets	1,214,721	1,449,092
Equipment, net of accumulated depreciation of \$17,669 and \$22,962, respectively, for 2016 and 2015	<u>12,904</u>	<u>6,626</u>
Total assets	<u><u>\$ 1,227,625</u></u>	<u><u>\$ 1,455,718</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 56,880	\$ 44,349
Project grants payable (Note 5)	26,700	38,000
Other accrued liabilities	<u>62,191</u>	<u>121,528</u>
Total current liabilities	145,771	203,877
<b>NET ASSETS</b>		
Unrestricted	792,708	1,089,062
Temporarily restricted (Note 2)	<u>289,146</u>	<u>162,779</u>
Total net assets	<u>1,081,854</u>	<u>1,251,841</u>
Total liabilities and net assets	<u><u>\$ 1,227,625</u></u>	<u><u>\$ 1,455,718</u></u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2016

	2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 549,465	\$ 366,517	\$ 915,982
Foundation contributions	100,000	-	100,000
Corporate contributions	395,904	1,076,500	1,472,404
Net assets released from restriction (Note 2)	1,316,650	(1,316,650)	-
Revenue			
Other revenue	<u>30,103</u>	<u>-</u>	<u>30,103</u>
Total public support and revenue	<u>2,392,122</u>	<u>126,367</u>	<u>2,518,489</u>
<b>Expenses</b>			
Program services	1,803,793	-	1,803,793
Supporting services			
General and administrative	399,199	-	399,199
Fund development	<u>481,124</u>	<u>-</u>	<u>481,124</u>
Total supporting services	<u>880,323</u>	<u>-</u>	<u>880,323</u>
Total expenses	<u>2,684,116</u>	<u>-</u>	<u>2,684,116</u>
<b>Increase (decrease) in net assets before in-kind</b>	(291,994)	126,367	(165,627)
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services (Note 4)	<u>415,744</u>	<u>-</u>	<u>415,744</u>
Total in-kind public support and revenue	<u>415,744</u>	<u>-</u>	<u>415,744</u>
<b>Expenses</b>			
Program services	186,302	-	186,302
Supporting services			
General and administrative	195,993	-	195,993
Fund development	<u>37,809</u>	<u>-</u>	<u>37,809</u>
Total supporting services	<u>233,802</u>	<u>-</u>	<u>233,802</u>
Total in-kind expenses	<u>420,104</u>	<u>-</u>	<u>420,104</u>
<b>Decrease in net assets, in-kind</b>	<u>(4,360)</u>	<u>-</u>	<u>(4,360)</u>
<b>Increase (decrease) in net assets</b>	(296,354)	126,367	(169,987)
Net assets, beginning of period	<u>1,089,062</u>	<u>162,779</u>	<u>1,251,841</u>
<b>Net assets, end of period</b>	<u>\$ 792,708</u>	<u>\$ 289,146</u>	<u>\$ 1,081,854</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2015

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 1,141,131	\$ 141,760	\$ 1,282,891
Foundation contributions	-	67,000	67,000
Corporate contributions	265,000	1,062,999	1,327,999
Organizations	830	2,025	2,855
Net assets released from restriction (Note 2)	1,236,051	(1,236,051)	-
Revenue			
Other revenue	<u>31,825</u>	<u>-</u>	<u>31,825</u>
Total public support and revenue	<u>2,674,837</u>	<u>37,733</u>	<u>2,712,570</u>
<b>Expenses</b>			
Program services	1,883,162	-	1,883,162
Supporting services			
General and administrative	379,733	-	379,733
Fund development	<u>341,822</u>	<u>-</u>	<u>341,822</u>
Total supporting services	<u>721,555</u>	<u>-</u>	<u>721,555</u>
Total expenses	<u>2,604,717</u>	<u>-</u>	<u>2,604,717</u>
<b>Increase in net assets before in-kind</b>	70,120	37,733	107,853
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services (Note 4)	<u>528,458</u>	<u>-</u>	<u>528,458</u>
Total in-kind public support and revenue	<u>528,458</u>	<u>-</u>	<u>528,458</u>
<b>Expenses</b>			
Program services	254,060	-	254,060
Supporting services			
General and administrative	224,644	-	224,644
Fund development	<u>39,612</u>	<u>-</u>	<u>39,612</u>
Total supporting services	<u>264,256</u>	<u>-</u>	<u>264,256</u>
Total in-kind expenses	<u>518,316</u>	<u>-</u>	<u>518,316</u>
<b>Increase in net assets, in-kind</b>	<u>10,142</u>	<u>-</u>	<u>10,142</u>
<b>Increase in net assets</b>	80,262	37,733	117,995
Net assets, beginning of period	<u>1,008,800</u>	<u>125,046</u>	<u>1,133,846</u>
<b>Net assets, end of period</b>	<u>\$ 1,089,062</u>	<u>\$ 162,779</u>	<u>\$ 1,251,841</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2016

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
Salaries	\$ 567,893	\$ 210,331	\$ 241,762	\$ 452,093	\$ 1,019,986
Payroll taxes	48,190	19,860	23,431	43,291	91,481
Employee benefits	56,083	24,823	22,474	47,297	103,380
Total salaries and related expenses	672,166	255,014	287,667	542,681	1,214,847
Travel	169,112	39,189	7,420	46,609	215,721
Professional services	95,940	83,594	154,120	237,714	333,654
Communications and marketing	15,212	238	5,605	5,843	21,055
Supplies and Software	9,468	3,638	9,457	13,095	22,563
Telecommunications	5,664	2,847	1,609	4,456	10,120
Fees	11,041	5,550	10,662	16,212	27,253
Insurance	6,678	3,454	1,227	4,681	11,359
Project grants	814,333	-	-	-	814,333
Other operating	2,481	4,628	2,906	7,534	10,015
Total expenses before depreciation and in-kind	1,802,095	398,152	480,673	878,825	2,680,920
Depreciation	1,698	1,047	451	1,498	3,196
Total expenses before in-kind	1,803,793	399,199	481,124	880,323	2,684,116
Legal services in-kind	53,353	167,649	1,511	169,160	222,513
Office rent and furnishings in-kind	86,540	28,344	35,962	64,306	150,846
Hotel awards points in-kind	10,049	-	336	336	10,385
Other professional services in-kind	28,518	-	-	-	28,518
Catering in-kind	7,842	-	-	-	7,842
Total	186,302	195,993	37,809	233,802	420,104
<b>Total</b>	<b>\$ 1,990,095</b>	<b>\$ 595,192</b>	<b>\$ 518,933</b>	<b>\$ 1,114,125</b>	<b>\$ 3,104,220</b>

See accompanying notes to financial statements.



THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2015

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
Salaries	\$ 759,950	\$ 224,188	\$ 218,278	\$ 442,466	\$ 1,202,416
Payroll taxes	55,958	17,752	18,916	36,668	92,626
Employee benefits	93,102	29,094	24,777	53,871	146,973
Total salaries and related expenses	909,010	271,034	261,971	533,005	1,442,015
Travel	154,769	41,301	551	41,852	196,621
Professional services	73,017	50,864	51,176	102,040	175,057
Communications and marketing	6,636	230	5,286	5,516	12,152
Supplies and Software	13,287	3,494	8,097	11,591	24,878
Telecommunications	5,761	2,837	2,039	4,876	10,637
Fees	7,660	2,592	10,588	13,180	20,840
Insurance	6,353	3,523	1,216	4,739	11,092
Project grants	702,021	-	-	-	702,021
Other operating	2,996	3,534	-	3,534	6,530
Total expenses before depreciation and in-kind	1,881,510	379,409	340,924	720,333	2,601,843
Depreciation	1,652	324	898	1,222	2,874
Total expenses before in-kind	1,883,162	379,733	341,822	721,555	2,604,717
Legal services in-kind	84,931	192,831	-	192,831	277,762
Office rent and furnishings in-kind	79,421	31,813	39,612	71,425	150,846
Hotel awards points in-kind	13,210	-	-	-	13,210
Other professional services in-kind	74,817	-	-	-	74,817
Catering in-kind	1,681	-	-	-	1,681
	254,060	224,644	39,612	264,256	518,316
Total	\$ 2,137,222	\$ 604,377	\$ 381,434	\$ 985,811	\$ 3,123,033

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>Operating activities</b>		
Change in net assets	\$ (169,987)	\$ 117,995
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	3,196	2,874
In-kind contribution	(4,360)	10,142
Gain on certificate of deposit	(2,680)	(1,356)
(Increase) decrease in other current assets	34,199	(83,977)
Increase in accounts payable	12,531	20,542
Decrease in project grants payable	(11,300)	(7,266)
Increase (decrease) in other accrued liabilities	<u>(59,337)</u>	<u>98,455</u>
Net cash from operating activities	(197,738)	157,409
 <b>Investing activities</b>		
Purchase of certificates of deposit	-	(250,000)
Purchase of fixed assets	<u>(9,474)</u>	<u>(6,021)</u>
Net cash from investing activities	<u>(9,474)</u>	<u>(256,021)</u>
 Net increase (decrease) in cash and cash equivalent	(207,212)	(98,612)
 Cash and cash equivalents at beginning of period	<u>1,111,652</u>	<u>1,210,264</u>
 <b>Cash and cash equivalents at end of period</b>	<u>\$ 904,440</u>	<u>\$ 1,111,652</u>
 <b>Supplemental disclosures of cash flow information</b>		
In-kind donated goods and services	\$ 415,744	\$ 528,458

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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-fourth of the world’s nearly 800 million 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 and certification of food banks and food bank networks.

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 Food Banking Regional Network (headquartered in UAE), 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, temporarily restricted, and permanently restricted based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted:* net assets that are available to support GFN’s operations and are not subject to donor-imposed restrictions.
- *Temporarily Restricted:* net assets that 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 that 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, 2016 and 2015.

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 when they are utilized in accordance with the use restrictions.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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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 consist of immediately available funds (checking and money market accounts). As of June 30, 2016 and 2015, GFN had approximately \$7,700 and \$151,000, 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, costs have been allocated among the programs and supporting services benefited.

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, 2016 and 2015. GFN has not been examined by any tax jurisdiction. 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, 2016 and 2015. GFN does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Reclassifications: Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on net assets or the change in net assets.

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016 and 2015

**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>2016</u>	<u>2015</u>
Education and Training	\$ 29,979	\$ 94,557
Food Rescue and Employee Volunteerism	59,167	57,497
Developing Food Banks in India	-	10,725
General Operations, Time Restricted	<u>200,000</u>	<u>-</u>
	<u>\$ 289,146</u>	<u>\$ 162,779</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, 2016 and 2015, as follows:

	<u>2016</u>	<u>2015</u>
Program restrictions accomplished:		
Capacity Building Grants to Food Banks	\$ 742,000	\$ 736,999
Grants for Backpack Programs in Mexico	101,500	50,000
Employee Engagement Grants to Food Banks	63,330	32,475
Developing Food Banks in India	10,725	24,349
Food Bank Leadership Institute	170,000	200,000
Education and Training	64,328	117,203
Inventory Management System for Food Banks	64,317	-
Capacity Building	<u>100,450</u>	<u>75,025</u>
	<u>\$1,316,650</u>	<u>\$1,236,051</u>

**NOTE 3 - RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2016 and 2015, GFN recorded approximately \$371,000 and \$710,000, 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 \$209,957 and \$250,617, respectively, and office rent and furnishings of \$150,846 and, \$150,846, 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, 2016 and 2015, GFN recorded project grants of \$107,500 and \$195,954, respectively, to organizations that have affiliates who were members of GFN's Board of Directors during the fiscal year.

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THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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**NOTE 4 - IN-KIND CONTRIBUTIONS**

For the years ended June 30, 2016 and 2015, the following in-kind contributions were received by GFN:

	<u>2016</u>	<u>2015</u>
Legal services	\$ 222,513	\$ 277,762
Office rent and furnishing	150,846	150,846
Travel	6,025	23,351
Other professional services	28,518	74,818
Catering	<u>7,842</u>	<u>1,681</u>
Total in-kind contributions	<u>\$ 415,744</u>	<u>\$ 528,458</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, 2016 and 2015, GFN had \$26,700 and \$38,000, respectively, of project grants payable.

**NOTE 6 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2016, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2016. Management has performed their analysis through September 27, 2016, the date the financial statements were available to be issued.

The Global FoodBanking Network is negotiating a 10-year lease for office space in Chicago. The lease commences on February 1, 2017 and expires on January 31, 2027. GFN has a one-time right to terminate the lease after seven (7) years. If GFN exercises this option, it shall pay a termination fee equal to the unamortized transaction costs including tenant improvements, brokerage fee and base rent abatement at a six percent (6%) rate.

The following is a schedule of the approximate future minimum rental payments under the office space lease:

<u>Fiscal Year</u>	
2017	\$ 16,000
2018	78,000
2019	96,000
2020	98,000
2021	100,000
Thereafter	<u>268,000</u>
Total	<u>\$ 656,000</u>

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