

**THE GLOBAL FOODBANKING NETWORK**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

THE GLOBAL FOODBANKING NETWORK  
Chicago, Illinois

FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Chicago, Illinois  
September 14, 2017

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,210,700	\$ 904,440
Certificate of deposit	-	254,036
Pledge receivables (Note 2)	1,458,668	36,035
Other assets	<u>20,896</u>	<u>20,210</u>
Total current assets	2,690,264	1,214,721
Pledge receivables, net of current portion (Note 2)	3,829,747	-
Other assets	8,185	-
Furniture and equipment, net of accumulated depreciation of \$27,910 and \$17,669, respectively, for 2017 and 2016	<u>160,472</u>	<u>12,904</u>
Total assets	<u>\$ 6,688,668</u>	<u>\$ 1,227,625</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 60,912	\$ 56,880
Project grants payable (Note 3)	-	26,700
Other accrued liabilities	<u>126,198</u>	<u>62,191</u>
Total current liabilities	187,110	145,771
Deferred lease obligation	<u>27,616</u>	-
Total liabilities	214,726	145,771
 <b>NET ASSETS</b>		
Unrestricted	920,345	792,708
Temporarily restricted (Note 5)	<u>5,553,597</u>	<u>289,146</u>
Total net assets	<u>6,473,942</u>	<u>1,081,854</u>
Total liabilities and net assets	<u>\$ 6,688,668</u>	<u>\$ 1,227,625</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Public support			
Individual contributions	\$ 500,403	\$ 20,000	\$ 520,403
Foundation contributions	110,000	160,000	270,000
Corporate contributions	871,571	7,182,326	8,053,897
Net assets released from restriction (Note 5)	2,097,875	(2,097,875)	-
Revenue			
Other revenue	<u>57,576</u>	<u>-</u>	<u>57,576</u>
Total public support and revenue	<u>3,637,425</u>	<u>5,264,451</u>	<u>8,901,876</u>
<b>Expenses</b>			
Program services	2,744,167	-	2,744,167
Supporting services			
General and administrative	432,088	-	432,088
Fund development	<u>329,459</u>	<u>-</u>	<u>329,459</u>
Total supporting services	<u>761,547</u>	<u>-</u>	<u>761,547</u>
Total expenses	<u>3,505,714</u>	<u>-</u>	<u>3,505,714</u>
<b>Increase in net assets before in-kind</b>	131,711	5,264,451	5,396,162
<b>In-kind transactions</b>			
<b>Public support and revenue</b>			
Donated goods and services (Note 7)	<u>336,857</u>	<u>-</u>	<u>336,857</u>
Total in-kind public support and revenue	<u>336,857</u>	<u>-</u>	<u>336,857</u>
<b>Expenses</b>			
Program services	154,131	-	154,131
Supporting services			
General and administrative	169,236	-	169,236
Fund development	<u>17,564</u>	<u>-</u>	<u>17,564</u>
Total supporting services	<u>186,800</u>	<u>-</u>	<u>186,800</u>
Total in-kind expenses	<u>340,931</u>	<u>-</u>	<u>340,931</u>
<b>Decrease in net assets, in-kind</b>	<u>(4,074)</u>	<u>-</u>	<u>(4,074)</u>
<b>Increase in net assets</b>	127,637	5,264,451	5,392,088
Net assets, beginning of period	<u>792,708</u>	<u>289,146</u>	<u>1,081,854</u>
<b>Net assets, end of period</b>	<u>\$ 920,345</u>	<u>\$ 5,553,597</u>	<u>\$ 6,473,942</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 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 5)	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 FUNCTIONAL EXPENSES  
For the year ended June 30, 2017

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fund Development	Total	
Salaries	\$ 607,327	\$ 273,287	\$ 198,482	\$ 471,769	\$ 1,079,096
Payroll taxes	46,606	22,657	16,175	38,832	85,438
Employee benefits	46,397	29,394	13,728	43,122	89,519
Total salaries and related expenses	<u>700,330</u>	<u>325,338</u>	<u>228,385</u>	<u>553,723</u>	<u>1,254,053</u>
Travel	191,742	28,875	16,585	45,460	237,202
Professional services	266,764	39,185	37,830	77,015	343,779
Communications and marketing	2,901	157	9,036	9,193	12,094
Supplies and Software	12,842	7,686	11,792	19,478	32,320
Telecommunications	7,889	6,659	2,417	9,076	16,965
Fees	11,627	7,709	9,779	17,488	29,115
Insurance	5,751	4,036	1,089	5,125	10,876
Project grants	1,490,636	-	-	-	1,490,636
Occupancy	34,103	6,898	4,655	11,553	45,656
Other operating	5,267	3,593	4,348	7,941	13,208
Total expenses before depreciation and in-kind	<u>2,729,852</u>	<u>430,136</u>	<u>325,916</u>	<u>756,052</u>	<u>3,485,904</u>
Depreciation	<u>14,315</u>	<u>1,952</u>	<u>3,543</u>	<u>5,495</u>	<u>19,810</u>
Total expenses before in-kind	<u>2,744,167</u>	<u>432,088</u>	<u>329,459</u>	<u>761,547</u>	<u>3,505,714</u>
In-kind expenses					
Legal services	78,137	138,962	-	138,962	217,099
Occupancy	40,785	29,645	17,564	47,209	87,994
Hotel awards points	3,443	629	-	629	4,072
Other professional services	22,818	-	-	-	22,818
Catering in-kind	8,948	-	-	-	8,948
Total in-kind expenses	<u>154,131</u>	<u>169,236</u>	<u>17,564</u>	<u>186,800</u>	<u>340,931</u>
Total	<u>\$ 2,898,298</u>	<u>\$ 601,324</u>	<u>\$ 347,023</u>	<u>\$ 948,347</u>	<u>\$ 3,846,645</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	<u>672,166</u>	<u>255,014</u>	<u>287,667</u>	<u>542,681</u>	<u>1,214,847</u>
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	<u>1,802,095</u>	<u>398,152</u>	<u>480,673</u>	<u>878,825</u>	<u>2,680,920</u>
Depreciation	<u>1,698</u>	<u>1,047</u>	<u>451</u>	<u>1,498</u>	<u>3,196</u>
Total expenses before in-kind	<u>1,803,793</u>	<u>399,199</u>	<u>481,124</u>	<u>880,323</u>	<u>2,684,116</u>
In-kind expenses					
Legal services	53,353	167,649	1,511	169,160	222,513
Occupancy	86,540	28,344	35,962	64,306	150,846
Hotel awards points	10,049	-	336	336	10,385
Other professional services	28,518	-	-	-	28,518
Catering	7,842	-	-	-	7,842
Total in-kind expenses	<u>186,302</u>	<u>195,993</u>	<u>37,809</u>	<u>233,802</u>	<u>420,104</u>
Total	<u>\$ 1,990,095</u>	<u>\$ 595,192</u>	<u>\$ 518,933</u>	<u>\$ 1,114,125</u>	<u>\$ 3,104,220</u>

See accompanying notes to financial statements.

THE GLOBAL FOODBANKING NETWORK  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Operating activities</b>		
Change in net assets	\$ 5,392,088	\$ (169,987)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	19,810	3,196
Gain on certificate of deposit	-	(2,680)
(Increase) decrease in pledges receivable	(5,252,380)	18,895
(Increase) decrease in other assets	(8,871)	10,944
Increase in accounts payable	4,032	12,531
Decrease in project grants payable	(26,700)	(11,300)
Increase (decrease) in other accrued liabilities	64,007	(59,337)
Increase in deferred lease obligation	27,616	-
Net cash from operating activities	<u>219,602</u>	<u>(197,738)</u>
<b>Investing activities</b>		
Sale of certificates of deposit	254,036	-
Purchase of furniture and equipment	(167,378)	(9,474)
Net cash from investing activities	<u>86,658</u>	<u>(9,474)</u>
Net increase (decrease) in cash and cash equivalent	306,260	(207,212)
Cash and cash equivalents at beginning of period	<u>904,440</u>	<u>1,111,652</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 1,210,700</u></u>	<u><u>\$ 904,440</u></u>
<b>Supplemental disclosures of cash flow information</b>		
In-kind donated goods and services	\$ 336,857	\$ 415,744

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 relationship with FEBA, the European Federation of Food Banks, which supports food banking in Europe and with the Food Banking Regional Network (headquartered in the UAE).

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 and/or passage of time. Assets are released from temporary restrictions by incurring expenses satisfying the purpose specified by the donor and/or passage of time.
- *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, 2017 and 2016.

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, 2017 and 2016

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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 unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions or restricted due to time. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary 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 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 temporarily restricted net asset class until all conditions 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.

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.

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, 2017 and 2016. 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, 2017 and 2016. 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, 2017 and 2016

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

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.

Recent Accounting Guidance: In May 2014, the FASB issued (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective retrospectively for fiscal years beginning after December 15, 2017.

In February 2016, the FASB issued (ASU) 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity).

In August 2016, the FASB issued (ASU) 2016-14, *Not-for-Profit Entities: Topic 958*. The amendments in this Update affect not-for-profit entities (NFPs) and the users of their general purpose financial statements. The amendments in this Update make certain improvements to the current net asset classification requirements and the information presented in financial statements and notes about a NFP's liquidity, financial performance, and cash flows. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

GFN has not yet implemented these ASUs and is in the process of assessing their effect on GFN's financial statements.

**NOTE 2 – PLEDGES RECEIVABLE**

Unconditional promises to give are expected to be received in the following periods:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 1,458,668	\$ 36,035
Between one and five years	<u>3,934,673</u>	<u>-</u>
	5,393,341	36,035
Discount to net present value	<u>(104,926)</u>	<u>-</u>
	<u>\$ 5,288,415</u>	<u>\$ 36,035</u>

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**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. 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, GFN had \$26,700 of project grants payable. There were no project grants payable at June 30, 2017.

**NOTE 4 – LEASE OBLIGATION**

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. GFN has a one-time right to terminate the lease after seven years. The last three years of the lease contract are optional, which would total \$354,230 in minimum lease payments.

The lease is classified as an operating lease. Rent expense totaled \$44,617 for the year ended June 30, 2017.

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

<u>Fiscal Year</u>	
2018	\$ 93,581
2019	95,645
2020	106,711
2021	108,962
2022	111,212
Thereafter	<u>180,415</u>
Total	<u>\$ 696,526</u>

**NOTE 5 - 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>2017</u>	<u>2016</u>
Education and training	\$ -	\$ 87,466
Food rescue and employee volunteerism	-	1,670
Grants to food banks	5,063,930	-
General operations, time restricted	<u>489,667</u>	<u>200,000</u>
	<u>\$ 5,553,597</u>	<u>\$ 289,146</u>

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(Continued)

THE GLOBAL FOODBANKING NETWORK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (Continued)**

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, 2017 and 2016, as follows:

	<u>2017</u>	<u>2016</u>
Program restrictions accomplished:		
Capacity building grants to food banks	\$ 1,484,055	\$ 843,500
Food bank leadership institute	150,000	170,000
Design and develop of new website and digital annual report	130,000	-
Education and training	120,476	64,328
Inventory management system for food banks	75,624	64,317
Capacity building	36,050	100,450
Employee engagement grants to food banks	1,670	63,330
Developing food banks in India	-	10,725
Time restrictions	<u>100,000</u>	<u>-</u>
	<u>\$ 2,097,875</u>	<u>\$ 1,316,650</u>

**NOTE 6 - RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2017 and 2016, GFN recorded approximately \$129,000 and \$371,000, 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 \$200,364 and \$209,957, respectively, and office rent and furnishings of \$75,423 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, 2017 and 2016, GFN recorded project grants of \$5,000 and \$107,500, respectively, to organizations that have affiliates who were members of GFN's Board of Directors during the fiscal year.

**NOTE 7 - IN-KIND CONTRIBUTIONS**

For the years ended June 30, 2017 and 2016, the following in-kind contributions were received by GFN:

	<u>2017</u>	<u>2016</u>
Legal services	\$ 217,099	\$ 222,513
Office rent and furnishing	87,994	150,846
Travel	-	6,025
Other professional services	22,818	28,518
Catering	<u>8,946</u>	<u>7,842</u>
Total in-kind contributions	<u>\$ 336,857</u>	<u>\$ 415,744</u>

**NOTE 8 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2017, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2017. Management has performed their analysis through September 14 2017, the date the financial statements were available to be issued.

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