

# The Global Hunger Project And Affiliates

Financial Report  
December 31, 2006

**McGladrey & Pullen**  
Certified Public Accountants

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Directors  
The Global Hunger Project  
New York, New York

We have audited the accompanying consolidated balance sheet of The Global Hunger Project and Affiliates, (Bangladesh, India, Benin, Burkina Faso, Ethiopia, Ghana, Malawi, Senegal, Uganda, Mozambique and Mexico), as of December 31, 2006, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of The Global Hunger Project and Affiliates' management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Hunger Project - Bangladesh, India, Benin, Burkina Faso, Ethiopia, Ghana, Malawi, Senegal, Uganda, Mozambique and Mexico, consolidated affiliates, which statements reflect total assets and revenue constituting 18% and 9%, respectively, of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for The Global Hunger Project and Affiliates are based solely on the report of the other auditors. The prior year's summarized comparative information has been derived from the 2005 consolidated financial statement of the Global Hunger Project and Affiliates and, in our report, based on our audit and the reports of other auditors, dated June 30, 2006, we expressed an unqualified opinion on those statements.

We conducted our audit 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 audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the 2006 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Global Hunger Project and Affiliates as of December 31, 2006, and the changes in their net assets and their cash flows for the year then ended are in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Vienna, Virginia  
October 3, 2007

The Global Hunger Project And Affiliates

Consolidated Balance Sheet

December 31, 2006

(With Comparative Totals For 2005)

Assets	2006	2005
Cash and Cash Equivalents	\$ 5,793,303	\$ 4,615,362
Investments (Note 4)	3,868,569	3,644,811
Receivables, net (Note 2)	3,324,607	2,075,984
Micro Credit Loans	724,768	796,813
Charitable Remainder Trust (Note 3)	525,753	533,083
Property and Equipment, net (Note 5)	686,586	507,939
Other Assets	551,987	245,612
	\$ 15,475,573	\$ 12,419,604

Liabilities And Net Assets

Liabilities		
Accounts payable	\$ 269,832	\$ 201,029
Accrued expenses	453,931	376,862
Deferred rent (Note 7)	86,994	125,674
<b>Total liabilities</b>	<b>810,757</b>	<b>703,565</b>

Commitments (Notes 7, 9, and 12)

Net Assets		
Unrestricted	10,613,096	8,754,663
Temporarily restricted (Note 6)	4,051,720	2,961,376
	14,664,816	11,716,039
	\$ 15,475,573	\$ 12,419,604

See Notes To Consolidated Financial Statements.

The Global Hunger Project And Affiliates

Consolidated Statement Of Activities  
Year Ended December 31, 2006  
(With Comparative Totals For 2005)

	2006			2005 Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenue				
Contributions	\$ 9,077,761	\$ 3,944,988	\$ 13,022,749	\$ 11,019,929
Investment income (Note 4)	269,647	-	269,647	259,176
Other	310,013	-	310,013	196,550
Released from restrictions	2,854,644	(2,854,644)	-	-
<b>Total support and revenue</b>	<b>12,512,065</b>	<b>1,090,344</b>	<b>13,602,409</b>	<b>11,475,655</b>
Expenses				
Program services				
Education and advocacy	1,495,938	-	1,495,938	1,690,298
Africa	4,323,388	-	4,323,388	3,036,860
Asia	2,165,986	-	2,165,986	2,292,230
Latin America	592,281	-	592,281	574,175
<b>Total program services</b>	<b>8,577,593</b>	<b>-</b>	<b>8,577,593</b>	<b>7,593,563</b>
Supporting services				
Management and general	1,418,545	-	1,418,545	1,380,980
Fund raising	657,494	-	657,494	604,872
<b>Total supporting services</b>	<b>2,076,039</b>	<b>-</b>	<b>2,076,039</b>	<b>1,985,852</b>
<b>Total expenses</b>	<b>10,653,632</b>	<b>-</b>	<b>10,653,632</b>	<b>9,579,415</b>
<b>Change in net assets</b>	<b>1,858,433</b>	<b>1,090,344</b>	<b>2,948,777</b>	<b>1,896,240</b>
Net Assets				
Beginning	8,754,663	2,961,376	11,716,039	9,819,799
Ending	<b>\$ 10,613,096</b>	<b>\$ 4,051,720</b>	<b>\$ 14,664,816</b>	<b>\$ 11,716,039</b>

See Notes To Consolidated Financial Statements.

The Global Hunger Project And Affiliates

Consolidated Statement Of Functional Expenses  
 Year Ended December 31, 2006  
 (With Comparative Totals For 2005)

	2006									2005 Total
	Program Services					Supporting Services				
	Education and Advocacy	Africa	Asia	Latin America	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total	
Salaries and benefits	\$ 943,401	\$ 841,611	\$ 519,689	\$ 232,229	\$ 2,536,930	\$ 882,169	\$ 408,896	\$ 1,291,065	\$ 3,827,995	\$ 3,247,019
Direct Investment	1,000	1,577,444	952,118	78,930	2,609,492	-	-	-	2,609,492	2,180,640
Travel and related costs	104,510	296,370	139,414	15,163	555,457	99,926	115,174	215,100	770,557	896,865
Professional services	73,346	304,794	61,778	83,393	523,311	157,337	29,456	186,793	710,104	650,705
Conferences	-	36,539	245,949	3,948	286,436	41,800	1,514	43,314	329,750	638,356
Rent and occupancy	134,921	179,264	86,968	9,529	410,682	126,164	50,951	177,115	587,797	555,889
Office	23,987	214,431	85,990	2,253	326,661	22,431	9,058	31,489	358,150	473,736
Depreciation	8,050	205,256	20,305	4,903	238,514	7,529	3,040	10,569	249,083	189,260
Grants	-	100,000	-	151,280	251,280	-	-	-	251,280	186,926
➤ Production, design, and printing	84,904	396,655	29,666	571	511,796	-	-	-	511,796	171,705
Corporate	43,002	61,143	7,781	1,310	113,236	40,209	16,238	56,447	169,683	131,610
Telephone	10,716	72,077	12,132	7,394	102,319	13,744	10,929	24,673	126,992	122,992
Shipping	51,606	11,475	1,211	1,193	65,485	11,812	6,009	17,821	83,306	84,907
Data processing	16,495	26,329	2,985	185	45,994	15,424	6,229	21,653	67,647	48,805
<b>Total expenses</b>	<b>\$ 1,495,938</b>	<b>\$ 4,323,388</b>	<b>\$ 2,165,986</b>	<b>\$ 592,281</b>	<b>\$ 8,577,593</b>	<b>\$ 1,418,545</b>	<b>\$ 657,494</b>	<b>\$ 2,076,039</b>	<b>\$ 10,653,632</b>	<b>\$ 9,579,415</b>

See Notes To Consolidated Financial Statements.

The Global Hunger Project And Affiliates

Consolidated Statement Of Cash Flows  
Year Ended December 31, 2006  
(With Comparative Totals For 2005)

	2006	2005
Cash Flows From Operating Activities		
Change in net assets	\$ 2,948,777	\$ 1,896,240
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated securities	(76,660)	(61,466)
Deferred rent	(38,680)	(30,685)
Depreciation	249,083	189,260
Increase in provision for doubtful accounts	974,080	154,934
Loss (gain) on charitable remainder trust	7,330	(93,715)
Unrealized loss (gain) on investments	(24,659)	(34,138)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(2,222,703)	(901,075)
Micro Credit Loans	72,045	65,938
Other assets	(306,375)	(86,299)
(Decrease) increase in:		
Accounts payable	68,803	21,145
Accrued expenses	77,069	(42,066)
<b>Net cash provided by operating activities</b>	<b>1,728,110</b>	<b>1,078,073</b>
Cash Flows From Investing Activities		
Purchase of investments	(2,283,838)	(2,191,361)
Proceeds from sale and maturity of investments	2,155,403	2,118,654
Purchase of property and equipment	(421,734)	(196,925)
Sales of property and equipment	-	4,557
<b>Net cash used in investing activities</b>	<b>(550,169)</b>	<b>(265,075)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,177,941</b>	<b>812,998</b>
Cash And Cash Equivalents		
Beginning	4,615,362	3,802,364
Ending	<b>\$ 5,793,303</b>	<b>\$ 4,615,362</b>
Supplemental Schedule Of Noncash Investing And Financing Activities		
Receipt of donated securities	<b>\$ 76,660</b>	<b>\$ 61,466</b>

See Notes To Consolidated Financial Statements.

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: The Global Hunger Project and Affiliates (The Hunger Project) is a California not-for-profit, nonmember, public benefit corporation.

The Hunger Project is a strategic organization and global movement committed to the sustainable end of world hunger. In Africa, Asia, and Latin America, it empowers local people to create lasting society-wide progress in health, education, nutrition, family income, gender equality and environmental sustainability - objectives which are now enshrined as the UN Millennium Development Goals (MDGs). The Hunger Project fully supports the MDG's, and in each country where we work we play a leadership role for their achievement.

One key tool in the Hunger Project's process of grassroots mobilization in each region is the *Vision, Commitment and Action Workshop (VCAW)*, which enables local people to create a vision of a self-reliant, hunger-free future and empowers them to take self-reliant action to achieve it. The VCAW is led by trained volunteers we call animators who galvanize and facilitate their fellow villagers in taking self-reliant action.

The financial position and activities of affiliated partner countries entities based in the developed countries outside the United States (i.e. THP-Australia, THP-Germany, THP-Netherlands, etc.) are not included in these financial statements. The affiliated partners are not controlled by The Hunger Project: they have separate boards and no funding is provided to them. However, there are charter agreements in place for the use of The Hunger Project's name. These agreements can be terminated at any time by The Hunger Project. The affiliated partners raise funds which, less their own expenses, are applied to The Hunger Project programs and projects.

A summary of The Hunger Project's significant programs is as follows:

*Africa:* The Hunger Project has offices in Benin, Burkina Faso, Ethiopia, Ghana, Malawi, Mozambique, Senegal and Uganda. The Hunger Project carried out three integrated initiatives for Africa during the year ended December 31, 2006, the Epicenter Strategy, the African Woman Food Farmer Initiative (AWFFI), and the "AIDS and Gender Inequality Workshop" to empower grassroots people to know the facts about AIDS and change the destructive behaviors that spread the disease.

*The Epicenter Strategy* mobilizes the population of clusters of villages to work together to meet their basic needs. The centerpiece of the strategy is a multipurpose building created by the people themselves through which they create and operate their own programs for health, education, income-generating activities, nutrition, food production and processing, food security and microfinance. As of December 31, 2006, there were 82 epicenters encompassing 3 million people and more than 1,000 villages.

*The African Woman Food Farmer Initiative (AWFFI)* is the microfinance component of the epicenter strategy. This program is committed to the economic empowerment of Africa's most important and least supported producers - the 100 million women who grow Africa's food. During the year ended December 31, 2006, AWFFI disbursed 12,523 loans totaling \$733,285.

To call forth the committed leadership needed in Africa, The Hunger Project awards the Africa Prize for Leadership which, during the year ended December 31, 2006, was awarded to Ellen Johnson Sirleaf of Liberia, the first woman elected president on the continent.

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

*Education and Advocacy:* Influencing policymakers and educating a worldwide constituency of committed individuals are high priorities of The Hunger Project. During the year ended December 31, 2006, The Hunger Project organized more than 100 local events across the United States. During the year ended December 31, 2006, The Hunger Project completely redesigned its website of more than 5,000 articles.

*Asia:* The Hunger Project has offices in India and Bangladesh. In India in the year ended December 31, 2006, The Hunger Project carried out its four-prong strategy to empower elected local women leaders as key change agents for human development, social justice, and economic growth. Since 2000, more than 55,000 Indian women leaders have taken our Women's Leadership Workshop. In Bangladesh, we carry out a 10-prong strategy to strengthen local democracy and empower women. We have trained, and continue to empower, 87,526 volunteer animators, of whom 40% are women, focusing their efforts in 508 clusters of villages.

*Latin America:* The Hunger Project has an office in Mexico, and works in partnership with established organizations in Bolivia and Peru that share our vision and philosophy. *In Mexico,* The Hunger Project implemented its new decentralized program, in partnership with local government in indigenous areas of six states that mobilizes people to take 35 key strategic actions for the end of hunger. *In Bolivia,* The Hunger Project works with ACLO (Accion Cultural Loyola), whose radio stations provide literacy and agricultural training to Quechua-speaking people in the Andes. *In Peru,* The Hunger Project works with Chirapaq, a national network of indigenous people to strengthen women's leadership in local democracy.

*Program Countries:* The financial positions of affiliated Hunger Project entities that implement programs in the developing world (e.g. THP-Senegal, THP-Bangladesh, etc.) are consolidated into these financial statements. Each entity is registered according to the laws of its own country, and is led by a country director who reports directly to a vice president in The Global Hunger Project Office. All affiliated program country directors are citizens and residents of their respective countries. They have individual contractual agreements with and are compensated directly from The Hunger Project's Global Office. The program country director's contracts can be cancelled for cause or otherwise at any time with proper notice. The affiliated program countries receive annual appropriations quarterly based on an operational program budget approved by The Hunger Project.

A summary of the significant accounting policies of The Hunger Project follows:

Basis of accounting: The Hunger Project maintains its accounting records and prepares its consolidated financial statements on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

Consolidation policy: The accompanying consolidated financial statements include the accounts of The Global Hunger Project and its Affiliates in the developing world which work within a common strategy, with funding largely from The Global Hunger Project, and led by country directors employed directly by The Global Hunger Project. All significant transactions between The Global Hunger Project and the Affiliates have been eliminated in the consolidation.

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Basis of presentation: The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, The Hunger Project is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Hunger Project has no permanently restricted net assets at December 31, 2006.

Cash and cash equivalents: The Hunger Project considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Financial risk: The Hunger Project maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Hunger Project has not experienced any losses in such accounts. The Hunger Project believes it is not exposed to any significant financial risk on cash.

Promises to give: Unconditional promises to give are recognized as revenue or gains in the period acknowledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management determines the allowance for doubtful accounts by regularly evaluating individual promises to give and considering prior history of donors and proven collectibility of past donations. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received. The allowance for doubtful promises at December 31, 2006, is \$1,246,892.

Investments: Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to current operations.

Micro-credit loans: Micro-credit loans are recorded as a receivable when funds are initially paid to the borrower and as a reduction of the receivable upon repayment by the borrower. Annual interest rates range from 10% - 36%, a deposit (collateral) is required which is usually 10% of the loan principal and loan terms are between six months to one year.

Property and equipment: The Hunger Project capitalizes all property and equipment with a cost of \$5,000 or more. Property and equipment are recorded at cost and depreciated on the straight-line basis over estimated useful lives of three to ten years. Leasehold improvements are recorded at cost and amortized over the lesser of the useful life or lease term.

Impairment of long-lived assets: The Hunger Project accounts for the valuation of long-lived assets under Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Deferred rent: The Global Hunger Project has a lease agreement for rental space in New York City. Under the terms of the lease agreement, The Global Hunger Project occupied its office space for a period of free rent during the initial rental period. The benefits that The Global Hunger Project received from the free rent and rent increases in future years, are being allocated on a straight-line basis over the term of the lease.

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Support and revenue: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

Expenses: Direct costs associated with specific programs are recorded as direct program expenses. Personnel costs, depreciation, occupancy, office, data processing and certain corporate expenses are allocated to programs based on employee time distributions.

Income taxes: The Hunger Project is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, The Hunger Project qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Hunger Project did not have any net unrelated business income for the year ended December 31, 2006.

Estimates: The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Note 2. Receivables

Receivables at December 31, 2006, consist of the following:

Promises to give	\$ 4,584,302
Accrued interest - Certificates of Deposit	18,757
Other receivables	42,275
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	4,645,334
Less provision for doubtful accounts	1,246,892
Less discount to present value	73,835
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	<u>\$ 3,324,607</u>

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

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#### Note 2. Receivables (Continued)

Promises to give in one year or more are measured using the present value of future cash flows based on a discount rate of approximately 5%. Unconditional promises to give at December 31, 2006, consist of the following:

Promises to give in less than one year	\$ 3,465,318
Promises to give in one to five years	1,118,984
	<u>\$ 4,584,302</u>

#### Note 3. Charitable Remainder Trust

The Global Hunger Project is a beneficiary in a charitable remainder trust (the Trust). The Trust makes payment each year to the grantor for the duration of the Trust's term (the grantor's lifetime). At the end of the Trust's term, the remaining assets are available for The Global Hunger Project's use. The administrator, who is a third-party trustee, holds the assets. The Global Hunger Project's interest in the Trust is recognized at the estimated net present value. The fair market value of the Trust at December 31, 2006, was \$1,084,354. The Global Hunger Project's estimated interest in the Trust at December 31, 2006, was \$525,753.

#### Note 4. Investments

Investments at December 31, 2006, consist of the following:

Certificates of deposit	\$ 2,950,738
Cash surrender value of life insurance policy	567,491
U.S. Treasury notes	200,000
Equity securities	76,660
Money market	37,183
Other	10,000
Ethiopia	26,497
	<u>\$ 3,868,569</u>

Investment income for the year ended December 31, 2006, consists of the following:

Interest income	\$ 252,318
Loss on charitable remainder trust	(7,330)
Unrealized gain on investments	24,659
	<u>\$ 269,647</u>

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

#### Note 5. Property And Equipment

Property and equipment and accumulated depreciation at December 31, 2006, and depreciation expense for the year ended December 31, 2006, consists of the following:

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
New York:					
Leasehold improvements	9 years	\$ 168,611	\$ 126,458	\$ 42,153	\$ 18,735
Furniture and equipment	5 to 10 years	84,484	70,325	14,159	3,885
		253,095	196,783	56,312	22,620
Program Countries	3 to 10 years	1,616,422	986,148	630,274	226,463
		<u>\$ 1,869,517</u>	<u>\$ 1,182,931</u>	<u>\$ 686,586</u>	<u>\$ 249,083</u>

#### Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets include donor restricted and other funds, which are only available for program services, or supporting services designated for future years. Temporarily restricted net assets were released from restrictions during the year ended December 31, 2006, due to the time restriction ending or the purpose restriction being accomplished.

Temporarily restricted net assets at December 31, 2006, are available for the following programs:

	Balance December 31, 2005	Additions	Released	Balance December 31, 2006
Time restricted:				
Promises to give	\$ 1,983,105	\$ 2,056,163	\$ (2,164,518)	\$ 1,874,750
Charitable Remainder Trust	533,083	-	(7,330)	525,753
Program restricted:				
Africa Epicenters	-	838,825	-	838,825
Mozambique	100,000	50,000	(100,000)	50,000
Ethiopia	190,000	-	(190,000)	-
Ghana	-	1,000,000	(251,000)	749,000
India	155,188	-	(141,796)	13,392
	<u>\$ 2,961,376</u>	<u>\$ 3,944,988</u>	<u>\$ (2,854,644)</u>	<u>\$ 4,051,720</u>

#### Note 7. Lease

The Hunger Project has a lease for office space in New York City, which expires on October 31, 2008. The lease provided for a period of free rent followed by escalating payments. Rent expense is being recognized on a straight-line basis over the term of the lease. The difference between the expense and the cash payments amounting to \$86,994 at December 31, 2006, is reported as deferred rent in the accompanying financial statements. Rent expense for the year ended December 31, 2006, was \$269,832.

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

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#### Note 7. Lease (Continued)

A certificate of deposit in the amount of \$30,000 has been pledged as collateral for an irrevocable letter of credit issued to The Hunger Project's landlord. The letter of credit was issued in lieu of a security deposit and is in the amount of \$26,985.

Future minimum lease payments at December 31, 2006, are as follows:

Years Ending December 31,	
2007	\$ 340,097
2008	289,522
	<u>\$ 629,619</u>

#### Note 8. Retirement Plan

The Hunger Project has a profit sharing contribution employee retirement plan (the Plan) covering substantially all U.S. employees who are 18 years of age and have completed 1,000 hours of service. Amounts contributed to the Plan are discretionary and determined on an annual basis. During the year ended December 31, 2006, The Hunger Project contributed \$274,482, to the Plan.

The Hunger Project also maintains a 403(b) savings plan for all full-time employees. Employees are eligible to participate immediately upon employment. The Hunger Project makes no contributions to this plan.

#### Note 9. Commitment – Retirement Contract

The Hunger Project has executed a post retirement contract with the President. Under the terms of this agreement, the President will receive \$100,000 per year in exchange for part-time services rendered upon retirement from full-time employment.

#### Note 10. Life Insurance

The Hunger Project established a life insurance policy on the President. The Hunger Project pays the premiums and is the sole beneficiary on the policy. Total face amount and cash surrender value of the policy at December 31, 2006, was \$1,858,113 and \$567,491, respectively.

#### Note 11. Related Party Transactions – Promises to Give

At December 31, 2006, there are promises to give of approximately \$237,000 from various board members and employees of the Hunger Project.

## The Global Hunger Project And Affiliates

### Notes To Consolidated Financial Statements

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#### Note 12. Subsequent Event - Lease

On May 4, 2007, the Hunger Project signed a ten and a half year operating lease agreement for office space which expires September 30, 2017. Future minimum rental payments required under the operating lease is as follows:

Years Ending December 31,	
2007	\$ -
2008	276,304
2009	284,593
2010	293,131
2011	301,925
2012 to 2017	1,920,091
	<u>\$ 3,076,044</u>