

The Global Hunger Project And Affiliates

Consolidated Financial Report
December 31, 2008

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Global 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, 2008, 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 reflect total assets and revenue constituting 20% and 3%, 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 2007 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 May 20, 2008, 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 reports 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 2008 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, 2008, 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.

As explained in Note 1, The Hunger Project changed its definition of cash and cash equivalents to exclude amounts held by Affiliated Partner Country entities.

McGladrey & Pullen, LLP

Vienna, Virginia
April 23, 2009

The Global Hunger Project And Affiliates

Consolidated Balance Sheet
December 31, 2008
(With Comparative Totals For 2007)

Assets	2008	2007
Cash And Cash Equivalents	\$ 5,322,601	\$ 7,610,352
Investments (Note 4)	5,101,087	5,295,138
Receivables, net (Note 2)	4,773,109	3,758,121
Micro-Credit Loans	768,703	890,525
Charitable Remainder Trust (Note 3)	73,928	413,776
Property And Equipment, net (Note 5)	1,903,165	1,341,749
Other Assets	416,947	367,341
	\$ 18,359,540	\$ 19,677,002
Liabilities And Net Assets		
Liabilities		
Accounts payable	\$ 302,283	\$ 433,853
Accrued expenses	300,265	422,774
Security deposit	26,441	-
Deferred revenue	24,267	-
Deferred rent (Note 7)	819,022	644,044
Total liabilities	1,472,278	1,500,671
Commitments (Notes 7 And 9)		
Net Assets		
Unrestricted	10,105,433	12,712,974
Temporarily restricted (Note 6)	6,781,829	5,463,357
	16,887,262	18,176,331
	\$ 18,359,540	\$ 19,677,002

See Notes To Consolidated Financial Statements.

The Global Hunger Project And Affiliates

Consolidated Statement Of Activities
 Year Ended December 31, 2008
 (With Comparative Totals For 2007)

	2008			2007* Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Contributions and grants	\$ 8,415,643	\$ 7,749,945	\$ 16,165,588	\$ 16,573,102
Investment income (Note 4)	12,551	-	12,551	269,176
Foreign currency (losses) gains	(395,925)	-	(395,925)	169,714
Other	315,591	-	315,591	347,040
Released from restrictions	6,431,473	(6,431,473)	-	-
Total support and revenue	14,779,333	1,318,472	16,097,805	17,359,032
Expenses:				
Program services:				
Education and advocacy	1,538,889	-	1,538,889	2,194,843
Africa	8,323,039	-	8,323,039	5,026,253
Asia	3,111,114	-	3,111,114	2,703,050
Latin America	733,025	-	733,025	629,919
Total program services	13,706,067	-	13,706,067	10,554,065
Supporting services:				
Management and general	2,743,542	-	2,743,542	2,748,553
Fund raising	937,265	-	937,265	544,899
Total supporting services	3,680,807	-	3,680,807	3,293,452
Total expenses	17,386,874	-	17,386,874	13,847,517
Change in net assets	(2,607,541)	1,318,472	(1,289,069)	3,511,515
Net assets:				
Beginning	12,712,974	5,463,357	18,176,331	14,664,816
Ending	\$ 10,105,433	\$ 6,781,829	\$ 16,887,262	\$ 18,176,331

*Reclassified to conform to current year presentation.

See Notes To Consolidated Financial Statements.

The Global Hunger Project And Affiliates

Consolidated Statement Of Functional Expenses
Year Ended December 31, 2008
(With Comparative Totals For 2007)

	2008									2007* Total
	Program Services					Supporting Services				
	Education And Advocacy	Africa	Asia	Latin America	Total Program Services	Management And General	Fund Raising	Total Supporting Services	Total	
Direct investment	\$ -	\$ 4,336,030	\$ 1,573,528	\$ 69,417	\$ 5,978,975	\$ -	\$ -	\$ -	\$ 5,978,975	\$ 3,621,551
Salaries and benefits	990,062	1,550,272	590,829	248,714	3,379,877	1,194,709	573,868	1,768,577	5,148,454	4,141,491
Travel and related costs	48,950	577,866	169,001	46,253	842,070	101,686	89,108	190,794	1,032,864	818,185
Production, design, printing and conferences	86,193	315,401	394,428	8,915	804,937	66,962	12,264	79,226	884,163	998,732
Rent and occupancy	185,948	224,150	108,717	12,520	531,335	224,384	107,781	332,165	863,500	1,181,046
Professional services	78,320	398,321	84,842	96,232	657,715	137,273	43,062	180,335	838,050	944,156
Write offs and increase in the provision for doubtful accounts	-	-	-	-	-	837,756	-	837,756	837,756	644,173
Office	43,290	285,447	107,245	6,842	442,824	51,887	24,924	76,811	519,635	530,233
Depreciation	29,195	391,649	29,583	1,354	451,781	35,229	16,922	52,151	503,932	324,725
Grants	500	100,000	-	230,000	330,500	206	-	206	330,706	191,100
Corporate	43,699	23,139	45,013	2,784	114,635	52,733	25,329	78,062	192,697	200,760
Telephone	9,271	101,762	6,731	8,047	125,811	26,490	7,126	33,616	159,427	109,797
Shipping	17,069	6,800	175	1,813	25,857	6,511	33,176	39,687	65,544	81,582
Data processing	6,392	12,202	1,022	134	19,750	7,716	3,705	11,421	31,171	59,986
Total expenses	\$ 1,538,889	\$ 8,323,039	\$ 3,111,114	\$ 733,025	\$ 13,706,067	\$ 2,743,542	\$ 937,265	\$ 3,680,807	\$ 17,386,874	\$ 13,847,517

*Reclassified to conform to current year presentation.

See Notes To Consolidated Financial Statements.

The Global Hunger Project And Affiliates

Consolidated Statement Of Cash Flows
Year Ended December 31, 2008
(With Comparative Totals For 2007)

	2008	2007
Cash Flows From Operating Activities		
Change in net assets	\$ (1,289,069)	\$ 3,511,515
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donated securities	(43,596)	(155,237)
Deferred rent	174,978	557,050
Depreciation	503,932	324,725
Write off of promises to give	683,494	185,462
Increase in provision for doubtful accounts	154,262	458,711
Cash surrender value of life insurance	(190,470)	(177,125)
Loss on charitable remainder trust	339,848	111,977
Unrealized gain on investments	(104,944)	(76,286)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(1,852,744)	(1,077,687)
Micro-credit loans	121,822	(165,757)
Other assets	(49,606)	184,646
Increase (decrease) in:		
Accounts payable	(131,570)	164,021
Accrued expenses	(122,509)	(31,157)
Security deposit	26,441	-
Deferred revenue	24,267	-
Net cash (used in) provided by operating activities	(1,755,464)	3,814,858
Cash Flows From Investing Activities		
Purchase of investments	(1,574,082)	(2,795,201)
Proceeds from sale and maturity of investments	2,107,143	2,196,984
Purchase of property and equipment	(1,081,773)	(905,055)
Sales of property and equipment	16,425	3,525
Net cash used in investing activities	(532,287)	(1,499,747)
Net (decrease) increase in cash and cash equivalents	(2,287,751)	2,315,111
Cash And Cash Equivalents		
Beginning	7,610,352	5,295,241
Ending	\$ 5,322,601	\$ 7,610,352
Supplemental Schedule Of Noncash Investing And Financing Activities		
Receipt of donated securities	\$ 43,596	\$ 155,237

See Notes To Consolidated Financial Statements.

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

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 (THP) is a strategic organization and global movement committed to the sustainable end of world hunger. In Africa, Asia and Latin America, THP seeks to end hunger and poverty by empowering people to lead lives of self-reliance, meet their own basic needs and build better futures for their children. THP's programs empower people to create lasting society-wide progress in health, education, nutrition, family income, gender equality and environmental sustainability. THP fully supports the United Nations Millennium Development Goals (MDGs).

In 11 developing countries and in partnership with local organizations in two additional countries, THP carries out its mission through three essential activities: mobilizing village clusters at the grassroots level to build self-reliance, empowering women as key change agents, and forging effective partnerships with local government.

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

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

Africa: In Africa, THP utilizes a unified, people-centered approach called the Epicenter Strategy in Benin, Burkina Faso, Ethiopia, Ghana, Malawi, Mozambique, Senegal and Uganda, with offices in all eight of these countries.

The Epicenter Strategy mobilizes the populations of clusters of villages to work together to create and run their own programs to meet basic needs. The centerpiece of the strategy is an L-shaped building that houses the community's programs for health, education, food security and economic development. Communities launch village-level projects to generate their own income and build facilities such as classrooms, food storage and nurses' quarters to ensure ready access to health care. Two key components of this integrated strategy are a microfinance program and an HIV/AIDS and Gender Inequality Workshop.

As of December 31, 2008, there were 110 such epicenter communities and more than 600,000 people had participated in the HIV/AIDS and Gender Inequality Workshop. During the year ended December 31, 2008, 16,020 partners received loans totaling \$1,160,329 that were distributed through THP's microfinance program.

In October 2008, The Hunger Project convened over 800 people in New York for an event to honor two leaders with THP's Africa Prize for Leadership for the Sustainable End of Hunger and educate participants about the importance of civil society leadership in empowering women in Africa.

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

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

Asia: In South Asia, THP has offices in India and Bangladesh. *In India*, THP's approach of mobilizing people for self-reliant action, empowering women as key change agents and engaging with local government is culminated in one comprehensive strategy that empowers elected women leaders as key agents of change with interventions in each year of their five year tenures. Since 2000, more than 70,000 elected women leaders have been trained in THP's Women's Leadership Workshop and are taking actions to bring water, health and education to their villages. *In Bangladesh*, the centerpiece of THP's strategy is the training and ongoing support of more than 116,000 volunteer animators, 40% of whom are women, who organize projects such as campaigns against early marriage, dowry and violence against women; education programs for safe drinking water, nutrition and sanitation; birth registration for rural communities; and income-generating activities.

Latin America: THP has an office in Mexico and works in partnership with established organizations in Bolivia and Peru that share our vision and philosophy. *In Mexico*, THP, in partnership with local government, trains catalysts (volunteer leaders) who launch village-level projects for the end of hunger in their communities. *In Bolivia*, THP works with ACLO (Fundación Acción Cultural Loyola) to empower indigenous peoples to be active participants in society through training and capacity-building workshops and radio programs. *In Peru*, THP works with partner organization, Chirapaq, a network of indigenous women's organizations who are promoting access to opportunities, the exercise of women's and indigenous rights and collaboration with local and regional governments.

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, 2008, The Hunger Project organized numerous local events across the United States, disseminated monthly newsletters and other materials to its key constituency and redeveloped its public website. THP staff members also participated in several meetings convened by the United Nations and affiliated organizations and other bilateral and multilateral organizations in order to influence the policymaking community, particularly regarding the impact of the World Food Crisis on partners in the developing world.

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 THP's Global Office. The Program Country Directors' 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 THP.

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

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 (FASB) 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 had no permanently restricted net assets at December 31, 2008.

Cash and cash equivalents: The Hunger Project considers interest bearing accounts and amounts held in overnight sweep accounts to be cash equivalents. During the year ended December 31, 2008, The Hunger Project changed its definition of cash and cash equivalents to exclude cash held by Affiliated Partner Country entities. Cash balances at December 31, 2007, of \$498,062, have been reclassified to receivables in the accompanying consolidated financial statements.

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: Promises to give are comprised of cash from affiliated Partner Countries as well as U.S. 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, 2008, was \$1,859,865.

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 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 asset to future undiscounted net cash flows expected to be generated by the asset. 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.

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

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

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. In addition, a landlord improvement allowance was provided for leasehold improvements. The benefits that The Global Hunger Project received from the free rent, allowance and rent increases in future years, are being allocated on a straight-line basis over the term of the lease. The difference between the expense and the cash payments is reported as deferred rent.

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 consolidated statement of activities as net assets released from restrictions.

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.

Direct investment expense: Direct investment expenses consist mainly of amounts provided to affiliated program Hunger Project entities.

Foreign currency transactions: Foreign currency transactions are recorded in U.S. dollars at the actual exchange rates in effect at the date of the transactions. Losses on foreign currency fluctuations were \$ 395,925 for the year ended December 31, 2008.

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, 2008.

Recent accounting pronouncement: Effective January 1, 2008, The Hunger Project adopted SFAS No. 157, *Fair Value Measurements*, issued by FASB. SFAS No. 157 defines fair value of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under SFAS No. 157 as assumptions market participants would use in pricing as asset or liability. The Hunger Project has added the required disclosures in Note 11 of the financial statements.

Use of 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.

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

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

Prior year information: The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with The Hunger Project's consolidated financial statements for the year ended December 31, 2007, from which the summarized information was derived.

Reclassifications: Certain amounts in the 2007 financial statements have been reclassified to conform with the 2008 presentation. These reclassifications had no effect on the previously reported change in net assets.

Note 2. Receivables

Receivables at December 31, 2008, consist of the following:

Promises to give:	
United States	\$ 4,755,853
Affiliated Partner Countries	2,008,172
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	6,764,025
Accrued interest – certificates of deposit	25,789
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	6,789,814
Less provision for doubtful accounts	1,859,865
Less discount to present value	156,840
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	<u>\$ 4,773,109</u>

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, 2008, consist of the following:

Promises to give in less than one year	\$ 4,947,358
Promises to give in one to five years	1,816,667
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	<u>\$ 6,764,025</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, 2008, was \$545,226. The Global Hunger Project's estimated interest in the Trust at December 31, 2008, was \$73,928.

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

Note 4. Investments

Investments at December 31, 2008, consist of the following:

Certificates of deposit	\$ 3,475,764
Cash surrender value of life insurance policy	935,086
Money market	213,155
U.S. Treasury notes	200,000
Equity securities	43,596
Other	30,907
India	202,579
	<u>\$ 5,101,087</u>

Investment income for the year ended December 31, 2008, consists of the following:

Interest income	\$ 247,455
Loss on charitable remainder trust	(339,848)
Unrealized and realized gain on investments	104,944
	<u>\$ 12,551</u>

Note 5. Property And Equipment

Property and equipment and accumulated depreciation at December 31, 2008, and depreciation expense for the year ended December 31, 2008, consist of the following:

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
New York:					
Leasehold improvements	Lease term	\$ 744,914	\$ 82,444	\$ 662,470	\$ 74,491
Furniture and equipment	5 to 10 years	163,495	34,049	129,446	22,372
		908,409	116,493	791,916	96,863
Program Countries	3 to 10 years	2,687,732	1,576,483	1,111,249	407,069
		<u>\$ 3,596,141</u>	<u>\$ 1,692,976</u>	<u>\$ 1,903,165</u>	<u>\$ 503,932</u>

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

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, 2008, due to the time restriction ending or the purpose restriction being accomplished.

Temporarily restricted net assets at December 31, 2008, are available for the following programs:

	Balance December 31, 2007	Additions	Released	Balance December 31, 2008
Time restricted:				
Promises to give	\$ 671,310	\$ 2,118,458	\$ (1,176,424)	\$ 1,613,344
Charitable Remainder Trust	413,776	-	(339,848)	73,928
Program restricted:				
Ghana	2,418,790	2,983,867	(2,082,570)	3,320,087
Africa Epicenters	1,542,076	2,208,320	(1,998,560)	1,751,836
India	417,405	439,300	(834,071)	22,634
	<u>\$ 5,463,357</u>	<u>\$ 7,749,945</u>	<u>\$ (6,431,473)</u>	<u>\$ 6,781,829</u>

Note 7. Lease

The Hunger Project has a lease for office space in New York City, which expires on September 30, 2017. The lease provides for a period of free rent, a landlord improvement allowance and 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, which was \$819,022 at December 31, 2008, is reported as deferred rent in the accompanying consolidated financial statements. Rent expense for the year ended December 31, 2008, was \$462,739.

The landlord required that in lieu of a security deposit, The Hunger Project has a letter of credit for \$306,119. The Hunger Project entered into an agreement to sublet 4,790 square feet of their current office lease, which expires December 31, 2009.

Net future minimum lease payments at December 31, 2008, are as follows:

Years Ending December 31,	Lease Commitment	Sublease Income	Net Lease Commitment
2009	\$ 586,714	\$ 163,813	\$ 422,901
2010	598,322	-	598,322
2011	622,468	-	622,468
2012	631,526	-	631,526
2013	640,855	-	640,855
2014 to 2017	2,572,809	-	2,572,809
	<u>\$ 5,652,694</u>	<u>\$ 163,813</u>	<u>\$ 5,488,881</u>

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

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. For the year ended December 31, 2008, The Hunger Project contributed \$120,660 to the Plan.

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

Note 9. Commitment – Retirement Contract

The Hunger Project has a postretirement contract with the Founding President. Under the terms of this agreement, the Founding 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 Founding 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, 2008, was \$2,311,461 and \$935,086, respectively.

Note 11. Fair Value Measurement

During the year ended December 31, 2008, The Hunger Project adopted SFAS No. 157, *Fair Value Measurements*. This statement establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. SFAS No. 157 applies to all assets and liabilities that are being measured and reported on a fair value basis. SFAS No. 157 requires new disclosure that establishes a framework for measuring fair value in GAAP and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, The Hunger Project performs a detailed analysis of the assets and liabilities that are subject to SFAS No. 157. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by The Hunger Project at December 31, 2008.

The Global Hunger Project And Affiliates

Notes To Consolidated Financial Statements

Note 11. Fair Value Measurement (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy.

	Total	Level 1	Level 2	Level 3
Certificates of deposit *	\$ 3,475,764	\$ -	\$ 3,475,764	\$ -
Cash surrender value of life insurance policy	935,086	-	935,086	-
Money market	213,155	213,155	-	-
U.S. Treasury notes	200,000	-	200,000	-
Equity securities	43,596	43,596	-	-
Other	30,907	30,907	-	-
India	202,579	202,579	-	-
	<u>\$ 5,101,087</u>	<u>\$ 490,237</u>	<u>\$ 4,610,850</u>	<u>\$ -</u>

* Insured by the FDIC

The Hunger Project's money market, equity securities, India securities and other securities are publicly traded on the New York Stock Exchange and are considered Level 1 items. The Hunger Project's certificates of deposit, cash surrender value of the life insurance and U.S. Treasury notes are priced based on their stated interest rates and quality rating. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are therefore considered Level 2 items.