

Gleaning for the World, Inc.

Financials

2011

# Gleaning for the World

## Contents

### FINANCIAL STATEMENTS

Years Ending

June 30, 2011 and 2010

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# Floyd Associates, PLC

## Report of Independent Auditors

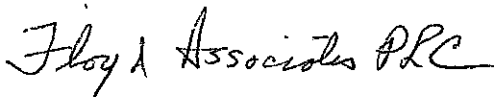
Board of Directors  
Gleaning for the World, Inc.  
7539 Stage Road  
Concord, Va. 24538

We have audited the accompanying statements of financial position of Gleaning for the World, Inc. as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of Gleaning for the World, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

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 assurances about whether the financial statements are free of material misstatements. 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 statements presentation. We believe that our audit procedures provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gleaning for the World, Inc. as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expense is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, if fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Floyd Associate PLC  
1762 Country Road  
Lynchburg, Virginia

February 14, 2011

**Gleaning for the World, Inc**  
**Statement of Financial Position**

	12/31/2011	12/31/2010
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash	\$ 213,724.02	\$ 146,433.92
Accounts Receivables	14,900.00	38,715.00
Allowance of Bad Debt	-	(5,375.00)
Inventories, Lower of Cost or Market	5,682,391.00	2,412,485.00
<b>Total Current Assets:</b>	<b>\$ 5,911,015.02</b>	<b>\$ 2,592,258.92</b>
<b>Fixed Assets:</b>		
Land, Building, Equipment	\$ 1,027,231.56	\$ 980,999.22
Accumulated Depreciation	(395,654.68)	(351,624.54)
<b>Total Fixed Assets:</b>	<b>631,576.88</b>	<b>629,374.68</b>
<b>Total Asset:</b>	<b>\$ 6,542,591.90</b>	<b>\$ 3,221,633.60</b>
<b>Liabilities and Unrestricted Earnings Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 45,579.44	\$ 16,576.33
Ronald Davidson Loan	-	20,000.00
Cash held for others	172,897.42	83,785.02
Payroll Taxes Payable	(60.38)	-
Current Portion of Long Term Debt	53,032.92	53,032.92
<b>Total Current Liabilities:</b>	<b>\$ 271,449.40</b>	<b>\$ 173,394.27</b>
<b>Long Term Liabilities:</b>		
Mortgage	\$ 431,597.34	\$ 456,127.30
<b>Total Liabilities:</b>	<b>\$ 703,046.74</b>	<b>\$ 629,521.57</b>
<b>Unrestricted Earnings Net Assets</b>	<b>\$ 2,592,112.03</b>	<b>\$ 3,231,125.20</b>
Prior Year Adjustments	5,375.00	
Unrestricted Earnings (Loss)	3,242,058.13	( 639,013.17)
<b>Unrestricted Earnings Net Assets:</b>	<b>5,839,545.16</b>	<b>2,592,112.03</b>
<b>Total Liabilities &amp; Unrestricted Earnings:</b>	<b>\$ 6,542,591.90</b>	<b>\$ 3,221,633.60</b>

**Gleaning for the World Inc.**  
**Statement of Activities**

	12/31/2011	12/31/2010
<b>UNRESTRICTED REVENUES</b>		
Grants	\$ 16,200.00	\$ -
Cash, Donations	687,930.12	532,732.75
In Kind Inventories Released	45,331,598.00	36,872,690.78
Administrative Fees	667,265.35	651,760.26
Interest Income	6.76	431.22
<b>Total Income</b>	<b>\$ 46,703,000.23</b>	<b>\$ 38,057,615.01</b>
 <b>Program Expenses</b>		
Product Shipments	\$ 43,129,304.81	\$ 38,290,436.88
Special Projects	\$ 57,496.96	\$ 200,990.90
<b>Total Program Expenses</b>	<b>\$ 43,186,801.76</b>	<b>\$ 38,491,427.78</b>
 <b>Supporting Services:</b>		
Management and General	\$ 197,791.97	\$ 177,593.87
Fundraising	76,348.37	27,606.53
<b>Total Supporting Services</b>	<b>\$ 274,140.34</b>	<b>\$ 205,200.40</b>
 <b>Total Expenses:</b>	 <b>\$ 43,460,942.10</b>	 <b>\$ 38,696,628.18</b>
 Increase in Unrestricted Net Assets:	 3,242,058.13	 639,013.17
 <b>Changes in Net Assets: (Loss)</b>	 3,242,058.13	 (639,013.17)
Net Assets Beginning of Year	2,592,112.03	3,231,125.20
Prior Year Adjustment	5,375.00	-
Net Assets End of Year	<b>\$ 5,839,545.16</b>	<b>\$ 2,592,112.03</b>

Gleaming For The World, Inc.  
Statement of Functional Expenses  
For Year Ended 12/31/2011

Program Services

	Product Shipment	Special Projects	G&A	Fundraising	Total For 12/31/2011	Total For 12/31/2010
Accounting Fees			7,000.00		7,000.00	8,875.00
Advertising	7,512.38		7,512.38	47,432.23	62,456.99	22,763.86
Automobile Expense	11,815.39		6,512.42	279.10	18,606.92	24,216.90
Bank Fees	3,882.78		80.06	40.03	4,002.87	2,576.91
Contract Labor	23,930.76		8,408.10		32,338.86	37,623.54
Contributions		775.00			775.00	41,608.80
Cost of Inventory Shipped	42,045,065.42				42,045,065.42	37,402,262.34
Depreciation Expense	39,627.13		4,403.01		44,030.14	39,607.94
Dues and Subscriptions			1,281.76		1,281.76	1,726.95
Employee Benefits	29,269.52		22,830.22	6,439.29	58,539.03	48,153.80
Insurance	36,729.02		19,777.16		56,506.18	54,577.89
Interest Expense	29,923.86		616.99	308.49	30,849.34	26,469.25
Leases	1,669.51		1,113.01		2,782.52	2,441.47
Legal Fees	14,031.15		10,944.30	3,086.85	28,062.30	1,450.00
Licenses and Permits	3,910.75				3,910.75	1,894.95
Meals and Entertainment	3,517.29				3,517.29	2,272.72
Occupancy	18,444.81		3,458.40	1,152.80	23,056.01	19,824.24
Office Expense	21,838.56		4,094.73	1,364.91	27,298.20	15,319.68
Outside Commissions	62,616.00				62,616.00	17,300.00
Postage and Shipping	2,064.04		1,376.03		3,440.07	8,074.67
Printing and Reproduction	403.23		604.85	4,032.34	5,040.43	20,831.76
Professional Development	196.21		36.79	12.26	245.26	1,152.42
Professional Fees						825.00
Salaries and Wages	464,755.16		82,991.99	5,532.80	553,279.95	488,148.71
Special projects		52,875.84			52,875.84	156,559.85
Taxes	31,352.53		5,878.60	1,959.53	39,190.66	35,214.06
Telephone	9,224.90		5,083.11	4,518.32	18,826.32	17,355.00
Travel	14,962.82		3,788.06	189.40	18,940.28	9,350.53
Warehouse Expense	252,561.59	3,846.12			256,407.71	188,149.94
Total Expenses	43,129,304.81	57,496.96	197,791.97	76,348.37	43,460,942.10	38,696,628.18

**Gleaming for the World Inc.  
Statement of Cash Flows**

	Year Ending 12/31/2011	Year Ending 12/31/2010
<b>Cash Flows From Operating Activities</b>	\$ 3,242,058.13	\$ (639,013.17)
Change in Net Assets:		
Adjustments to reconcile change in net assets to		
Net Cash Provided by (used In) Operations		
Depreciation	44,030.14	39,607.95
Non-Cash Contributions of Inventory	(45,331,598.00)	(36,872,690.78)
Non-Cash Costs of Goods Sold	42,061,692.00	37,364,643.78
Increase in Accounts Receivables	23,815.00	41,708.36
Prepaid Expenses		4,398.98
Accounts Payable	29,003.11	(12,703.74)
Accrued Expenses	(60.38)	(4,718.37)
<b>Net Cash provided by (Used In) operations</b>	<b>\$ 68,940.00</b>	<b>\$ (78,076.99)</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Property & Equipment	(46,232.34)	(21,263.88)
Investments		
<b>Net Cash Used in Investing Activities</b>	<b>\$ (46,232.34)</b>	<b>\$ (21,263.88)</b>
<b>Cash Flow From Financing Activities</b>		
New Borrowings	69,112.40	103,785.02
Payments on Mortgage	(24,529.96)	(28,082.65)
<b>Net Cash Used In Financing Activities</b>	<b>\$ 44,582.44</b>	<b>\$ 75,702.37</b>
<b>Net Increase or (decrease) In Cash</b>	<b>\$ 67,290.10</b>	<b>\$ (23,638.50)</b>
Cash, Beginning of Year	\$ 146,433.92	\$ 170,072.42
<b>Cash, End of Year</b>	<b>\$ 213,724.02</b>	<b>\$ 146,433.92</b>

## 1. Organization and Purpose:

Gleaning for the World was incorporated on September 10, 1998, as a non-stock not-for-profit Virginia Corporation. As a Christian organization, GFTW's primary purpose is to collect and warehouse life saving products for distribution to needy individuals around the world. GFTW provides environmentally responsible humanitarian aid to others not-for-profit organizations whose purpose is to care for the poor in developing countries and to victims of natural and manmade disasters.

## 2. Summary of Significant Accounting Policies

### a. *Basis of Accounting*

The financial statements of the GFTW have been prepared on the accrual basis of accounting. These financial statements have been prepared to focus on the GFTW as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- **Unrestricted net assets** – Net assets not subject to donor-imposed restrictions.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed restrictions that may or will be met by actions of the GFTW and/or the passage of time.
- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the GFTW. Generally, the donors of these assets permit the GFTW to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions and these restrictions are not met within the current reporting period. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period the assets are acquired or placed in service.



**b. *Cash and Cash Equivalents***

At December 31, 2011 and 2010, cash equivalents consist of \$213,724 and \$146,434 respectively, of money market funds. GFTW considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Contributions Receivable and Contributions Revenue**

Contributions, including unconditional promises to give, are recognized as revenue by GFTW in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift, except that contributions of works of art, historical treasures, and similar assets held as part of collections are not recognized or capitalized.

Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contribution. An allowance is established for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collections experience, and other relevant factors.

**c. *Donated Materials and Services***

Donated materials and services are included in contributions at their fair value as of the date of donation. A number of unpaid volunteers have made contributions of their time to GFTW administrative and operating activities. The value of this donated time is not reflected in these financial statements.

- Permanently restricted net assets – Net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the GFTW. Generally, the donors of these assets permit the GFTW to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions and these restrictions are not met within the current reporting period. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period the assets are acquired or placed in service.

**d. Cash held for others:**

\$172,897 is being held for others in developing programs. These funds have no restrictions placed upon them.

**e. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect reported amounts and disclosures. Actual results may differ from these estimates and assumptions.

**3. Inventory:**

Inventory includes donated and purchased medical equipment, medical supplies, food, clothing, and various other products that are distributed to other humanitarian organizations, as requested, throughout the world, to help provide to individuals in need. Utilizing the first-in, first-out method (FIFO), merchandise that is donated is recorded at its estimated fair market value while purchased inventory is stated at the lower of cost or market.

**4. Property Plant and Equipment:**

Land and Land Improvements	\$ 109,115.57
Shop Buildings	609,587.38
Vehicles	137,730.52
Equipment	170,798.09
Total	\$ 1,027,231.56

GFTW records property at cost or fair market. Donated property is recorded at fair market value. Property plant and equipment are depreciated over their estimated useful life using the straight line method. The range of useful lives is 10-40 years for buildings and 5-12 years for vehicles, Furniture & Fixtures.

**5. Long Term Debt:**

Mortgage Payable, \$ 484,630.26

Monthly \$4,190.10 @4.99% Interest, on all real estate.

**6. Compensated Absences:**

Employees of Gleaning are entitled to paid personal and sick days per a written policy manual. Amounts earned but not yet used totaled \$8,876 December 31, 2011 respectively, this policy does not allow for carryover into the next year.

**7. Commitments and contingencies:**

A lawsuit by Soles4Souls alleging GFTW breached its contract has been settled.

**8. Tax Exemption Status:**

The internal Revenue Service has ruled that GFTW is a 501 (C) 3 exempt from income taxes. Management believes they have incurred no liability for taxes. The I.R.S. has not audited in returns.