

GLEANNING FOR THE WORLD, INC.

FINANCIAL STATEMENTS

Years Ending

DECEMBER 31, 2012 and 2011

Floyd Associates, PLC

1762 Country Road

Lynchburg, Va. 24504

Gleaning for the World, Inc

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Floyd Associates, PLC

Report of Independent Auditors

Board of Directors
Gleaning For the World, Inc.
Concord, Va. 24522

We have audited the accompanying statements of financial position of Gleaning for the World, Inc. as of December 31, 2012 and 2011, and the related Statement of Financial Position, Statements of Activities, Statement of Functional Expenses 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, 2012 and 2011 Gleaning for the World, Inc. as of December 31, 2012 and 2011 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 Associates, PLLC

Floyd Associate PLC
1762 Country Road
Lynchburg, Virginia

January 21, 2013

Gleaning for the World, Inc
Statement of Financial Position

	ASSETS:	
	12/31/2012	12/31/2011
Current Assets:		
Cash	\$187,922.22	\$213,724.02
Accounts Receivables	\$14,614.00	\$14,900.00
Inventories	\$7,546,183.00	\$5,682,391.00
Prepaid Expenses	\$1,719.72	\$60.38
Total Current Assets:	\$7,750,438.94	\$5,911,075.40
 Property & Equipment		
Land, Building, Equipment	\$1,041,986.56	\$1,027,231.56
Accumulated Depreciation	-\$431,300.36	-\$395,654.68
Net Property & Equipment	\$610,686.20	\$631,576.88
 Total Assets:	 \$8,361,125.14	 \$6,542,652.28
 Current Liabilities		
Accounts Payable	\$70,715.69	\$45,579.44
Cash held for others		\$172,897.42
Current Portion of Long Term Debt	\$53,032.92	\$53,032.92
Accrued Payroll	\$9,278.60	
Payroll Taxes	\$674.41	
Total Current Liabilities	\$133,701.62	\$271,509.78
 Long Term Liabilities		
Mortgage & Term Notes Payable	\$405,296.64	\$431,597.34
Total Liabilities:	\$538,998.26	\$703,107.12
 Net Assets:		
Temporarily Restricted		
Unrestricted	\$5,839,545.16	\$2,592,112.03
Prior Year Adjustments		\$5,375.00
Earnings (Loss)	\$1,982,581.72	\$3,242,058.13
Total Net Assets	\$7,822,126.88	\$5,839,545.16
 Total Liabilities & Net Assets:	 \$8,361,125.14	 \$6,542,652.28

Notes are an integral part of the Financial Statements

Gleaning for the World Inc.

Statement of Activities

	12/31/2012	12/31/2011
UNRESTRICTED REVENUES		
Grants	\$ 1,500.00	\$ 16,200.00
Cash, Donations	836,238.16	687,930.12
In Kind Inventories Released	37,922,757.69	45,331,598.00
Administrative Fees	682,975.70	667,265.35
Interest Income	2.50	6.76
Special Project Income	12,300.00	
Total Income	\$ 39,455,774.05	\$ 46,703,000.23
Program Expenses		
Product Shipments	\$ 37,160,755.61	\$ 43,129,304.81
Special Projects	\$ 47,486.64	\$ 57,496.96
Total Program Expenses	\$ 37,208,242.25	\$ 43,186,801.76
Supporting Services:		
Management and General	\$ 212,330.01	\$ 197,791.97
Fundraising	\$ 52,620.07	76,348.37
Total Supporting Services	\$ 264,950.08	\$ 274,140.34
Total Expenses:	\$ 37,473,192.33	\$ 43,460,942.10
Increase in Unrestricted Net Assets:	\$ 1,982,581.72	\$ (3,242,058.13)
Changes in Net Assets: (Loss)	\$	
Net Assets Beginning of Year	5,839,545.16	\$ 3,242,058.13
Prior Year Adjustment	-	5,375.00
Earnings (Losses)	1,982,581.72	2,592,115.03
Net Assets End of Year	\$ 7,822,126.88	\$ 5,839,548.16

Notes are an integral part of the Financial Statements

Gleaming For The World, Inc.
Statement of Functional Expenses
For Year Ended 12/31/2012

	Program Services				Total For 12/31/2012	Total For 12/31/2011
	Product Shipment	Special Projects	G&A	Fundraising		
Accounting Fees			9,080.00		9,080.00	7,000.00
Advertising	7,512.38		7,512.38	21,547.59	36,572.35	62,456.99
Automobile Expense	10,474.02		5,773.08	247.42	16,494.52	18,606.92
Bank Fees	6,056.11		124.87	62.43	6,243.41	4,002.87
Contract Labor	47,465.29		16,677.00		64,142.29	32,338.86
Contributions		1,488.54			1,488.54	775.00
Cost of Inventory Shipped	36,069,540.35				36,069,540.35	42,045,065.42
Depreciatoin Expense	32,080.75		3,564.53		35,645.28	44,030.14
Dues and Subscriptions			2,441.08		2,441.08	1,281.76
Employee Benefits	30,464.17		23,762.05	6,702.12	60,928.33	58,539.03
Insurance	35,009.03		18,851.01		53,860.04	56,506.18
Interest Expense	23,754.74		489.79	244.89	24,489.42	30,849.34
Leases	1,704.84		1,136.56		2,841.40	2,782.52
Legal Fees	337.50		263.25	74.25	675.00	28,062.30
Licenses and Permits	2,077.57				2,077.57	3,910.75
Meals and Entertainment	6,706.30				6,706.30	3,517.29
Occupancy	14,886.75		2,791.27	930.42	18,608.44	23,056.01
Office Expense	21,644.60		4,058.36	1,352.79	27,055.75	27,298.20
Outside Commissions	23,251.76				23,251.76	62,616.00
Postage and Shipping	2,647.13		1,764.76		4,411.89	3,440.07
Printing and Reproduction	692.28		1,038.42	6,922.81	8,653.51	5,040.43
Professional Development	4,640.50		870.09	290.03	5,800.63	245.26
Professional Fees						
Salaries and Wages	520,445.37		92,936.67	6,195.78	619,577.82	553,279.95
Special projects		42,578.91			42,578.91	52,875.84
Taxes	43,242.97		8,108.06	2,702.69	54,053.71	39,190.66
Telephone	10,367.91		5,712.93	5,078.16	21,158.99	18,826.32
Travel	21,226.75		5,373.86	268.69	26,869.30	18,940.28
Warehouse Expense	224,526.54	3,419.19			227,945.73	256,407.71
Total Expennses	37,160,766.61	47,486.64	212,330.01	52,620.07	37,473,192.32	43,460,942.10

Notes are an integral part of the Financial Statements

Gleaning for the World Inc.

Statement of Cash Flows

	Year Ending 12/31/2012	Year Ending 12/31/2011
Cash Flows From Operating Activities	\$ 1,982,581.72	\$ 3,242,058.13
Change in Net Assets:		
Adjustments to reconcile change in net assets to Net Cash Provided by (used In) Operations		
Depreciation	35,645.68	44,030.14
Non-Cash Contributions of Inventory	(37,922,757.69)	(45,331,598.00)
Non-Cash Costs of Goods Sold	36,058,965.69	42,061,692.00
Increase in Accounts Receivables	286.00	23,815.00
Prepaid Expenses	(1,719.72)	
Accounts Payable	25,136.25	29,003.11
Accrued Expenses	734.79	(60.38)
Net Cash provided by (Used In) operations	\$ 178,872.72	\$ 68,940.00
Cash Flow from Investing Activities		
Purchase of Property & Equipment Investments	(14,755.00)	(46,232.34)
	-	-
Net Cash Used in Investing Activities	\$ (14,755.00)	\$ (46,232.34)
Cash Flow From Financing Activities		
New Borrowings	(163,618.82)	69,112.40
Payments on Mortgage	(26,300.70)	(24,529.96)
Net Cash Used In Financing Activities	\$ (189,919.52)	\$ 44,582.44
Net Increase or (decrease) In Cash	\$ (25,801.80)	\$ 67,290.10
Cash, Beginning of Year	\$ 213,724.02	\$ 146,433.92
Cash, End of Year	\$ 187,922.22	\$ 213,724.02

Notes are an integral part of the Financial Statements

Gleaning for the World, Inc.
Notes to Financial Statement
December 31, 2012

1. Organization and Purpose:

Gleaning for the World, Inc. (GFTW) 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. Through its Special Projects, GFTW helps provide for unexpected situations that arise by collecting and distributing life savings products. GFTW provides environmentally responsible humanitarian aid to other not-for-profit organizations whose purpose is to care for the poor in developing countries and to victims of natural and manmade disasters.

2. Significant Accounting Policies:

Basis of Presentation:

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

Unrestricted net assets - Net assets that are subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets that are accounted for in the same manner as Unrestricted assets if the donor restriction can be fulfilled within the normal operating cycle (twelve months time is normal operating cycle).

Permanently restricted net assets - Assets that are subject to donor imposed restrictions that neither expires with the passage of time nor can be fulfilled or other wise removed by actions of GFTW.

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 a decrease in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e. the donor imposed-stipulation has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

Gleaning for the World, Inc.
Notes to Financial Statement
December 31, 2012

Significant Accounting Policies:

Property and Equipment:

GFTW records purchased property and equipment at cost. Donated property and equipment are recorded at their estimated fair value at the time of donation. Property and equipment, other than land, are depreciated over their estimated useful lives using the straight-line method. The range of useful life is 30 years for building and 5 years for vehicles. When Assets are retired the carrying value and accumulated depreciation are removed from the accounts. Property below the value of \$1,000 is expensed.

3. Use of Estimates

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

4. Advertising Costs

GFTW expenses advertising and promotions costs as incurred. For the years 2012 and 2011 they were respectively \$36,572 and \$ 62,457

5. 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, through out the world, to help provide to individuals in need. Utilizing the first-in-first out method (FIFO), donations of properties are valued at its estimated fair market value. Purchased properties are recorded at costs. Costs are prepared by comparing using marketing values after assembled and prepared for shipment.

Gleaning for the World, Inc.
Notes to Financial Statement
December 31, 2012

6. Donated Property, Equipment, Services, and Facilities:

Donations of property and equipment are recorded as "support" at their estimated fair value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated for specific restrictions regarding their use and cash that is donated for a specific purpose are reported as restricted funds unless the restriction can be fulfilled in the current period. If not, they are recorded as restricted funds. They are released to the unrestricted funds only when the restricted purpose is met. No amounts have been reflected in the accompanying statement for other donated services inasmuch as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time on behalf of GFTW.

7. Functional Allocation of Expenses:

The costs of providing GFTW's various programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. These costs have been allocated to the supporting service by estimations of management as best can be assigned to the function.

8 .Property and Equipment	Year Ending 12/31/2012	Year Ending 12/31/2011
Land	\$ 71,334.57	\$ 71,334.57
Land Improvements	37,781.00	37,781.00
Building	624,342.38	609,587.38
Equipment & Furniture	170,798.09	170,798.09
Vehicles	137,730.52	137,730.52
 Total Property and Equipment	 \$ 1,041,986.56	 \$ 1,027,231.56
 Less Accumulated Depreciation	 (431,300.36)	 (395,654.68)
 Net Property and Equipment	 \$ 610,686.20	 \$ 631,576.88
 Depreciation Allowed	 \$ 35,645.28	 \$ 44,030.14

Depreciation is allowed by using Straight Line Lives of 5-12 years for Equipment, Furniture & Vehicles. Building and Land Improvements Straight Line Life's of 10 to 40 years.

Gleaning for the World, Inc.
Notes to Financial Statement
December 31, 2012

9. Long Term Debt

For the years ending December 31, 2012 and 2011 Notes Payable Consisted of:

	Year Ending 12/31/2012	Year Ending 12/31/2011
Mortgage Payable, Monthly Payment \$4,190.10, 4.99% interest, all real Property Collateral	\$458,329.56	\$484,630.26
Total Notes Payable:	\$458,329.56	\$484,630.26
Less Current Portion	(53,032.92)	(53,032.92)
Net Long Term Debt:	\$405,296.64	\$431,597.34
Long Term Debt	Years:	
Maturities Amount	2013	2014
	\$53,032.92	\$53,032.92
		2015
		\$53,032.92

10. Net Assets:

	Year Ending 12/31/2012	Year Ending 12/31/2011
Unrestricted, Beginning Balance	\$ 5,839,545.16	\$ 2,592,112.03
Inventory Write Down		5,375.00
Earnings (loss)	2,019,916.18	3,242,058.13
Net Unrestricted Earnings	\$7,859,461.34	\$5,839,545.16

Gleaning for the World, Inc.
Notes to Financial Statement
December 31, 2012

11. Credit Risk

Tax Exempt Status:

The Internal Revenue Service has ruled that the GFTW qualifies under Section 501(C)(3) and is, therefore, not generally subject to income taxes under the present law.

Management believes that any income tax liability resulting from unrelated business income for the years ending December 31,2012 & 2011 would not have any significant impact of GFTW 's results of activities. The I.R.S. has not audited any year of operation.

12.Employee Benefits:

GFTW provides paid personal/sick days to all benefited full-time Employees at a rate of two days per year. This policy does not allow accumulation of sick leave.

GFTW provides for vacation days accrued based on years of employment and paid at the employees base pay rate at the time of vacation. This policy does allow for carryover into the next year. Unpaid vacations owed is \$9,278.60. Employees are provided with Disability Insurance and term life insurance in the amount of \$25,000.

13.Exceptions to GAAP Comparability:

Generally Accepted Accounting Procedures does not recognize donated services as a donation. Volunteers donated 9,443 hours of service valued at \$201,711.88 for year 2012
Volunteers donated 8955.2 hours of service valued at \$196,656.19 for year 2011.

If these services were recognized as program expenses the G&A and Funding raising fee cost percentages would be lower.