

GLEANNING FOR THE WORLD, INC

FINANCIAL STATEMENTS

Years Ending

December 31, 2013 and 2012

Floyd Associates, PLC

1762 Country Road

Lynchburg, Va. 24504

Gleaning for the World, Inc

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Floyd Associates, PLC
1762 Country Road
Lynchburg, Va. 24504

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 (a not-for-profit corporation) as of June 30, 2013 and 2012, and the related statement of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion of 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 audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of Gleaning for the World, Inc, as of June 30, 2013, and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Floyd Associates, PLLC

Floyd Associates, PLC
Lynchburg, Va. 24502
December 20, 2013

Gleaming for the World, Inc
Statement of Financial Position

| | 12/31/2013 | 12/31/2013 | 12/31/2013 | 12/31/2012 |
|--|------------------------|---------------------------|------------------------|------------------------|
| ASSETS: | | | | |
| Current Assets: | Operations | Temporarily Restricted | Total | |
| Cash | \$ 136,335.53 | \$ 153,230.25 | \$ 289,565.78 | \$ 187,922.22 |
| Accounts Receivables | 27,036.00 | | 27,036.00 | 14,614.00 |
| Allowance of Bad Debt | - | | | - |
| Inventories, Lower of Cost or Market | 2,511,998.00 | | 2,511,998.00 | 7,546,183.00 |
| Prepaid Expenses | - | | | 1,719.72 |
| Total Current Assets: | \$ 2,675,369.53 | \$ 153,230.25 | \$ 2,828,599.78 | \$ 7,750,438.94 |
| Fixed Assets: | | | | |
| Land, Building, Equipment | \$ 1,082,420.87 | | \$ 1,082,420.87 | \$ 1,041,986.56 |
| Accumulated Depreciation | (467,517.21) | | (467,517.21) | (431,300.36) |
| Total Fixed Assets: | 614,903.66 | | 614,903.66 | 610,686.20 |
| Total Asset: | \$ 3,290,273.19 | \$ 153,230.25 | \$ 3,443,503.44 | \$ 8,361,125.14 |
| Liabilities and Unrestricted Earnings Net Assets: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 78,159.91 | | \$ 78,159.91 | \$ 70,715.69 |
| Accrued Payroll | 9,278.00 | | 9,278.00 | 9,278.60 |
| Payroll Taxes Payable | 1,592.63 | | 1,592.63 | 674.41 |
| Current Portion of Long Term Debt | 53,032.92 | | 53,032.92 | 53,032.92 |
| Total Current Liabilities: | \$ 142,063.46 | | \$ 142,063.46 | \$ 133,701.62 |
| Long Term Liabilities: | | | | |
| Mortgage | \$ 377,565.05 | | \$ 377,565.05 | \$ 405,296.64 |
| Total Liabilities: | \$ 519,629.11 | | \$ 519,629.11 | \$ 538,998.26 |
| Unrestricted Earnings Net Assets | | | | |
| Temporarily Restricted | | \$ 153,230.25 | 153,230.25 | |
| Unrestricted Earnings (Loss) | \$ (5,051,482.80) | | \$ (5,051,482.80) | \$ 1,982,581.72 |
| Unrestricted Earnings Net Assets: | \$ 2,770,644.08 | \$ 153,230.25 | \$ 2,923,874.33 | \$ 7,822,126.88 |
| Total Liabilities & Unrestricted Earnings: | \$ 3,290,273.19 | \$ 153,230.25 | \$ 3,443,503.44 | \$ 8,361,125.14 |

Notes are an integral part of the Financial Statements

Gleaming for the World Inc.

Statement of Activities

| | 12/31/2013 | 12/31/2012 |
|--------------------------------------|-------------------------|-------------------------|
| UNRESTRICTED REVENUES | | |
| Grants | \$ 27,000.00 | \$ 1,500.00 |
| Cash, Donations | 843,119.06 | 836,238.16 |
| In Kind Inventories Released | 29,772,371.00 | 37,922,757.69 |
| Administrative Fees | 661,454.85 | 682,975.70 |
| Interest Income | 2.03 | 2.50 |
| Special Project Income | 68,295.00 | 12,300.00 |
| Building Rent Donation :Non Cash | 255,000.00 | 255,000.00 |
| Total Income | \$ 31,627,241.94 | \$ 39,710,774.05 |
| Program Expenses | | |
| Product Shipments | \$ 36,235,696.27 | \$ 37,415,755.61 |
| Special Projects | \$ 124,649.92 | \$ 47,486.64 |
| Total Program Expenses | \$ 36,360,346.19 | \$ 37,463,242.25 |
| Supporting Services: | | |
| Management and General | \$ 223,236.33 | \$ 212,330.01 |
| Fundraising | \$ 95,142.22 | 52,620.07 |
| Total Supporting Services | \$ 318,378.55 | \$ 264,950.08 |
| Total Expenses: | \$ 36,678,724.74 | \$ 37,728,192.33 |
| Increase in Unrestricted Net Assets: | \$ (5,051,482.80) | \$ 1,982,581.72 |
| Changes in Net Assets: (Loss) | \$ | |
| Net Assets Beginning of Year | 7,822,126.88 | \$ 5,839,545.16 |
| Temporarily Restricted Funds | 153,230.25 | - |
| Earnings (Loss) | (5,051,482.80) | 1,982,581.72 |
| Net Assets End of Year | \$ 2,923,874.33 | \$ 7,822,126.88 |

Notes are an integral part of the Financial Statements

Gleaning For The World, Inc.
Statement of Functional Expenses
For Year Ended 12/31/2013

| | Program Services | | | | Fundraising | Total For 12/31/2013 | Total For 12/31/2012 |
|---------------------------|---------------------|---------------------|------------|-----------|-------------|-------------------------|-------------------------|
| | Product Shipment | Special Projects | G&A | | | | |
| Accounting Fees | \$ | \$ | \$ | \$ | | \$ | \$ |
| Advertising | 7,512.38 | | 7,512.38 | 30,419.47 | | 8,500.00 | 9,080.00 |
| Automobile Expense | 9,543.64 | | 5,260.27 | 225.44 | | 45,444.23 | 36,572.35 |
| Bank Fees | 9,741.16 | | 200.85 | 100.42 | | 15,029.35 | 16,494.52 |
| Contract Labor | 35,217.38 | | 12,373.68 | | | 10,042.43 | 6,243.41 |
| Contributions | | 996.39 | | | | 47,591.06 | 64,142.29 |
| Cost of Inventory Shipped | 34,817,806.87 | | | | | 996.39 | 1,488.54 |
| Depreciatoin Expense | 32,865.17 | | 3,651.69 | | | 34,817,806.87 | 36,069,540.35 |
| Dues and Subscriptions | | | 1,293.23 | | | 36,516.85 | 35,645.28 |
| Employee Benefits | 32,420.41 | | 25,287.92 | 7,132.49 | | 1,293.23 | 2,441.08 |
| Insurance | 36,624.81 | | 19,721.05 | | | 64,840.82 | 60,928.33 |
| Interest Expense | 21,944.13 | | 452.46 | 226.23 | | 56,345.86 | 53,860.04 |
| Leases | 2,280.13 | | 1,520.09 | | | 22,622.81 | 24,489.42 |
| Legal Fees | 1,381.25 | | 1,077.38 | 303.88 | | 3,800.22 | 2,841.40 |
| Licenses and Permits | 6,174.13 | | | | | 2,762.50 | 675.00 |
| Meals and Entertainment | 3,826.40 | | | | | 6,174.13 | 2,077.57 |
| Occupancy | 280,962.94 | | 4,868.05 | 1,622.68 | | 3,826.40 | 6,706.30 |
| Office Expense | 22,448.73 | | 4,209.14 | 1,403.05 | | 32,453.68 | 273,608.44 |
| Outside Commissions | 33,037.00 | | | | | 28,060.91 | 27,055.75 |
| Postage and Shipping | 3,113.01 | | 2,075.34 | | | 33,037.00 | 23,251.76 |
| Printing and Reproduction | 514.03 | | 771.05 | 5,140.34 | | 5,188.35 | 4,411.89 |
| Professional Development | 1,260.48 | | 236.34 | 78.78 | | 6,425.43 | 8,653.51 |
| Funding Raising Expenses | | | | 32,821.25 | | 1,575.60 | 5,800.63 |
| Salaries and Wages | 576,706.16 | | 102,983.24 | 6,865.55 | | 32,821.25 | 619,577.82 |
| Special projects | | 120,335.73 | | | | 686,554.96 | |
| Taxes | 46,230.34 | | 8,668.19 | 2,889.40 | | 120,335.73 | 42,578.91 |
| Telephone | 11,432.34 | | 6,299.45 | 5,599.51 | | 57,787.93 | 54,053.71 |
| Travel | 24,784.45 | | 6,274.54 | 313.73 | | 23,331.31 | 21,158.99 |
| Warehouse Expense | 217,868.92 | | 3,317.80 | | | 31,372.72 | 26,869.30 |
| Total Expenses | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | 36,235,696.27 | 124,649.92 | 223,236.33 | 95,142.22 | | 36,423,724.74 | 37,728,192.32 |

Notes are an integral part of the Financial Statements

Gleaning for the World Inc.

Statement of Cash Flows

| | Year Ending 12/31/2013 | Year Ending 12/31/2012 |
|---|---------------------------|---------------------------|
| Cash Flows From Operating Activities () Uses | \$ (4,898,252.55) | \$ 1,982,581.72 |
| Change in Net Assets: | | |
| Adjustments to reconcile change in net assets to Net Cash Provided by (used In) Operations | | |
| Depreciation | 36,216.85 | 35,645.68 |
| Non-Cash Contributions of Inventory | (30,949,485.11) | (37,922,757.69) |
| Non-Cash Costs of Goods Sold | 35,983,670.11 | 36,058,965.69 |
| Increase in Accounts Receivables | (12,422.00) | 286.00 |
| Prepaid Expenses | 1,719.72 | (1,719.72) |
| Accounts Payable | 7,444.22 | 25,136.25 |
| Accrued Expenses | 918.22 | 734.79 |
| Net Cash provided by (Used In) operations | \$ 169,809.46 | \$ 178,872.72 |
| Cash Flow from Investing Activities | | |
| Purchase of Property & Equipment Investments | (40,434.31) | (14,755.00) |
| Net Cash Used in Investing Activities | \$ (40,434.31) | \$ (14,755.00) |
| Cash Flow From Financing Activities | | |
| New Borrowings | - | (163,618.82) |
| Payments on Mortgage | (27,731.59) | (26,300.70) |
| Net Cash Used In Financing Activities | \$ (27,731.59) | \$ (189,919.52) |
| Net Increase or (decrease) In Cash | \$ 101,643.56 | \$ (25,801.80) |
| Cash, Beginning of Year | \$ 187,922.22 | \$ 213,724.02 |
| Cash, End of Year | \$ 289,565.78 | \$ 187,922.22 |

Notes are an integral part of the Financial Statements

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:

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.

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.

| 8 .Property and Equipment | Year Ending | Year Ending |
|----------------------------------|--------------------|--------------------|
| | 12/31/2013 | 12/31/2012 |
| Land | \$71,334.57 | \$71,334.57 |
| Land Improvements | 55,261.00 | 37,781.00 |
| Building | 629,796.69 | 624,342.38 |
| Equipment & Furniture | 188,298.09 | 170,798.09 |
| Vehicles | 137,730.52 | 137,730.52 |
| Total Property and Equipment | \$1,082,420.87 | \$1,041,986.56 |
| Less Accumulated Depreciation | -467,517.21 | -431,300.36 |
| Net Property and Equipment | \$614,903.66 | \$610,686.20 |
| Depreciation Allowed | \$36,216.85 | \$35,645.28 |

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.

9. Long Term Debt

For the years ending December 31,2013 and 2012 Notes Payable Consisted of:

| | Year Ending | Year Ending |
|--|------------------|------------------|
| | 12/31/2013 | 12/31/2011 |
| Mortgage Payable, Monthly Payment \$4,190.10, 4.99% interest, all real Property Collateral | \$430,597.97 | \$458,329.56 |
| Total Notes Payable: | \$430,597.97 | \$458,329.56 |
| Less Current Portion | -53,032.92 | -53,032.92 |
| Net Long Term Debt: | \$377,565.05 | \$405,296.64 |
| Long Term Debt | Years: | 2014 |
| Maturities Amount | \$53,032.92 | \$53,032.92 |
| | 2015 | 2016 |
| | \$53,032.92 | \$53,032.92 |

11 Temporarily Restricted Fund:

| | | |
|---------------------------|----|------------|
| Philippines Disaster | \$ | 28,000.00 |
| General Disasters | | 92,530.00 |
| Food for Central Va. Area | | 20,000.00 |
| Truck for GFTW | | 12,700.00 |
| Total | \$ | 153,230.00 |

12. 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 31,2013 & 2012 would not have any significant impact of GFTW 's results of activities. The I.R.S. has not audited any year of operation.

13.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 one times salary.

14.Exceptions to GAAP Comparability:

Generally Accepted Accounting Procedures does not recognize donated services as a donation. Volunteers donated 9,706 hours of service valued at \$207,320.16 for year 2013
Volunteers donated 9443 hours of service valued at \$201,711.88 for year 2012.
If these services were recognized as program expenses the G&A and Funding raising fee cost percentages would be lower.

15. Concentration of Credit Risk

GFTW maintains Cash Balances in financial institutions that are insured by the Federal Federal Deposit Insurance up to 250,000. At June 30 2013 GFTW had \$39,566 uninsured.

16 Operation Leases:

GFTW has operating Leases for the next three years are as follows:

| | | | | | |
|------|---------|------|---------|------|---------|
| 2015 | \$2,848 | 2016 | \$2,848 | 2017 | \$2,848 |
|------|---------|------|---------|------|---------|