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**Gleaning for the World, Inc**

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REPORT ON EXAMINATION OF  
FINANCIAL STATEMENTS

Year ending December 31, 2014

**Gleaning for the World, Inc.**  
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Floyd Associates, PLC  
1762 Country Road  
Lynchburg, Va. 24504

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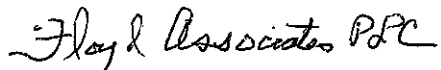
**Report of Independent Auditors**

Board of Directors  
Gleaning for the World, Inc.  
Concord, Va. 24504

We have audited the accompanying statements of the financial position of Gleaning for the World, Inc. (a not-for-profit corporation) as of December 31, 2014 and 2013, 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 December 31, 2014, and 2013, 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, PLC  
Lynchburg, Va. 24504

February 16, 2015  
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**Gleaning for the World, Inc**  
**Statement of Financial Position**

	12/31/2014	12/31/2014	12/31/2014	12/31/2014	12/31/2013
	Operations	Temporarily Restricted	Total		
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash	\$ 63,231.96	\$ 53,914.82	\$ 117,146.78		\$ 289,565.78
Accounts Receivables	16,910.34		16,910.34		27,036.00
Inventories, Lower of Cost or Market	3,294,612.21		3,294,612.21		2,511,998.00
<b>Total Current Assets:</b>	\$ 3,374,754.51	\$ 53,914.82	\$ 3,428,669.33		\$ 2,828,599.78
<b>Fixed Assets:</b>					
Land, Building, Equipment	\$ 1,208,240.68		\$ 1,208,240.68		\$ 1,082,420.87
Accumulated Depreciation	(514,778.37)		(514,778.37)		(467,517.21)
<b>Total Fixed Assets:</b>	693,462.31		693,462.31		614,903.66
<b>Total Asset:</b>	\$ 4,068,216.82	\$ 53,914.82	\$ 4,122,131.64		\$ 3,443,503.44
<b>Liabilities, Unrestricted Earnings, Net Assets:</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 31,527.71		\$ 31,527.71		\$ 78,159.91
Accrued Payroll	19,114.63		19,114.63		9,278.00
Payroll Taxes Payable					1,594.13
Current Portion of Long Term Debt	8,725.53		8,725.53		53,032.02
<b>Total Current Liabilities:</b>	\$ 59,367.87		\$ 59,367.87		\$ 142,064.06
<b>Long Term Liabilities:</b>					
Mortgage	\$ 498,661.67		\$ 498,661.67		\$ 377,565.05
<b>Total Liabilities:</b>	\$ 558,029.54		\$ 558,029.54		\$ 519,629.11
<b>Net Assets:</b>					
Unrestricted Net Assets	\$ 2,869,959.51		\$ 2,869,959.51		\$ 7,822,126.88
Temporarily Restricted		\$ 53,914.82	53,914.82		153,230.25
Unrestricted Earnings (Loss)	640,227.77		640,227.77		(5,051,482.80)
Temporarily Restricted Released					
<b>Total Net Assets:</b>	\$ 3,510,187.28	\$ 53,914.82	\$ 3,564,102.10		\$ 2,923,874.33
<b>Total Liabilities &amp; Earnings:</b>	\$ 4,068,216.82	\$ 53,914.82	\$ 4,122,131.64		\$ 3,443,503.44

Notes are an integral part of the Financial Statements  
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**Gleaning for the World Inc.  
Statement of Activities**

	12/31/2014	12/31/2013
<b>UNRESTRICTED REVENUES</b>		
Grants	\$	\$ 27,000.00
Cash, Donations	1,091,487.72	843,119.06
In Kind Inventories Released	29,298,265.66	29,772,371.00
Administrative Fees	521,332.36	661,454.85
Interest Income	1.98	2.03
Special Project Income	27,297.50	68,295.00
Building Rent Donation :Non Cash	255,000.00	255,000.00
<b>Total Income</b>	<b>\$ 31,193,385.22</b>	<b>\$ 31,627,241.94</b>
<b>Program Expenses</b>		
Product Shipments	\$ 29,913,642.06	\$ 36,235,696.27
Special Projects	\$ 170,732.09	\$ 124,649.92
<b>Total Program Expenses</b>	<b>\$ 30,084,374.15</b>	<b>\$ 36,360,346.19</b>
<b>Supporting Services:</b>		
Management and General	\$ 296,517.75	\$ 223,236.33
Fundraising	\$ 172,265.55	95,142.22
<b>Total Supporting Services</b>	<b>\$ 468,783.30</b>	<b>\$ 318,378.55</b>
<b>Total Expenses:</b>	<b>\$ 30,553,157.45</b>	<b>\$ 36,678,724.74</b>
Increase in Unrestricted Net Assets:	\$ 640,227.77	\$ (5,051,482.80)
<b>Changes in Net Assets: (Loss)</b>	<b>\$</b>	
Net Assets Beginning of Year	2,869,959.51	\$ 7,822,126.88
Temporarily Restricted Funds	53,914.82	153,230.25
Earnings (Loss)	640,227.77	(5,051,482.80)
Net Assets End of Year	\$ 3,564,102.10	\$ 2,923,874.33

Notes are an integral part of the Financial Statements

**Gleaning For The World, Inc.**  
**Statement of Functional Expenses**  
**For Year Ended 12/31/2014**

	Program Services				Fundraising	Total For 12/31/2014	Total For 12/31/2013
	Product Shipment	Special Projects	G&A				
Accounting Fees	\$ 7,650.00	\$	\$ 850.00	\$	\$	8,500.00	8,500.00
Advertising	7,512.38		7,512.38	31,139.07		46,163.83	45,444.23
Automobile Expense	24,116.49		13,292.56	569.68		37,978.73	15,029.35
Bank Fees	775.41		15.99	7.99		799.39	10,042.43
Contract Labor	44,266.53		15,553.11			59,819.64	47,591.06
Contributions		4,923.50				4,923.50	996.39
Cost of Inventory Shipped	28,487,591.45				28,487,591.45	34,817,806.87	
Depreciation Expense	42,493.19		4,721.47		47,214.65	36,516.85	
Dues and Subscriptions			1,454.00		1,454.00	1,293.23	
Employee Benefits	52,432.97		40,897.72	11,535.25	104,865.94	64,840.82	
Insurance	27,650.60		14,888.78		42,539.38	56,345.86	
Disposal Cost Inventory	6,037.10				6,037.10		
Interest Expense	21,967.89		452.95	226.47	22,647.31	22,622.81	
Leases	3,777.56		2,518.37		6,295.93	3,800.22	
Legal Fees	114.00		88.92	25.08	228.00	2,762.50	
Licenses and Permits	6,725.06				6,725.06	6,174.13	
Meals and Entertainment	8,326.60				8,326.60	3,826.40	
Occupancy	204,000.00		38,250.00	12,750.00	255,000.00	287,453.68	
Office Expense	27,275.30		5,114.12	1,704.71	34,094.12	28,060.91	
Outside Commissions	13,450.00				13,450.00	33,037.00	
Postage and Shipping	7,477.40		4,984.93		12,462.33	5,188.35	
Printing and Reproduction	2,694.02		4,041.03	26,940.19	33,675.24	6,425.43	
Professional Development	2,861.34		536.50	178.83	3,576.67	1,575.60	
Shipping in & out	128,787.09				128,787.09		
Funding Raising Expenses				69,777.53	69,777.53	32,821.25	
Salaries and Wages	687,770.79		122,816.21	8,187.75	818,774.75	686,554.96	
Special projects		165,348.23			165,348.23	120,335.73	
Taxes	39,501.06		7,406.45	2,468.82	49,376.33	57,787.93	
Telephone	13,408.60		7,388.41	6,567.48	27,364.49	23,331.31	
Travel	14,748.75		3,733.86	186.69	18,669.30	31,372.72	
Warehouse Expense	30,230.50		460.36		30,690.86	221,186.72	
<b>Total Expenses</b>	<b>\$ 29,913,642.06</b>	<b>\$ 170,732.09</b>	<b>\$ 296,517.75</b>	<b>\$ 172,265.55</b>	<b>\$ 30,553,157.45</b>	<b>\$ 36,678,724.74</b>	

Notes are an integral part of the Financial Statements

# Gleaning for the World Inc.

## Statement of Cash Flows

	Year Ending 12/31/2014	Year Ending 12/31/2013
<b>Cash Flows From Operating Activities ( ) Uses</b>	\$640,227.77	\$(4,898,252.55)
Change in Net Assets:		
Adjustments to reconcile change in net assets to Net Cash Provided by (used In) Operations		
Depreciation	47,261.16	36,216.85
Non-Cash Contributions of Inventory	29,298,265.66	(30,949,485.11)
Non-Cash Costs of Goods Sold and Inventory change	(30,080,879.87)	35,983,670.11
Accounts Receivable	10,125.66	(12,422.00)
Prepaid Expenses		1,719.72
Payroll & Taxes	8,242.50	
Accounts Payable	(46,632.20)	7,444.22
Accrued Expenses		918.22
<b>Net Cash provided by (Used In) operations</b>	\$ (123,389.32)	\$169,809.46
<b>Cash Flow from Investing Activities</b>		
Purchase of Property & Equipment	(125,819.81)	(40,434.31)
<b>Net Cash Used in Investing Activities</b>	\$ (125,819.81)	\$ (40,434.31)
<b>Cash Flow From Financing Activities</b>		
New Borrowings	76,790.13	-00
Payments on Mortgage		(27,731.59)
<b>Net Cash Used In Financing Activities</b>	\$76,790.13	\$(27,731.59)
<b>Net Increase or (decrease) In Cash</b>	\$(172,419.00)	\$101,643.56
Cash, Beginning of Year	\$289,565.78	\$187,922.22
<b>Cash, End of Year</b>	\$117,146.78	\$289,565.78

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.



### **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.

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### **4. Advertising Costs:**

GFTW expenses advertising and promotions costs as incurred. For the years 2014 and 2013 they were respectively \$45,541 and \$ 45,444

### **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 and recorded as Inventory and donation income.

### **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 12/31/2014	Year Ending 12/31/2013
Land	\$71,334.57	\$71,334.57
Land Improvements	113,508.05	55,261.00
Building	629,796.69	629,796.69
Equipment & Furniture	199,953.85	188,298.09
Vehicles	193,647.52	137,730.52

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Total Property and Equipment	\$1,208,240.68	\$1,082,420.87
Less Accumulated Depreciation	-514,778.37	-467,517.21
Net Property and Equipment	\$693,462.31	\$614,903.66
Depreciation Allowed	\$47,261.16	\$36,516.85

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 31,2014and 2013 Notes Payable Consisted of:

	Monthly Payment	Year Ending 12/31/2014	Year Ending 12/31/2013
Construction Loan,\$2,500,000, Negative Pledge Agreement on 7539 Stage Rd, Interest rate during Construction % 1.99		\$476,717.88	\$430,597.08
Farmer's Bank Loan, Int. rate %5.75	482.56	21,804.66	
Honda Loan, Int. rate \$3.9	354.85	8,864.66	
Total Notes Payable:		\$507,387.20	\$430,597.08
Less Current Portion		-8,675.00	-53,032.92
Net Long Term Debt:		\$498,712.20	\$377,564.16
Long Term Debt	Years:	2015	2016
Maturities Amount		\$8,674.48	\$9,117.38
			2017
			\$5,966.87

**10 Temporarily Restricted Fund:**

Building Campaign	\$	47,084.82
General Disasters		6,830.00
Total	\$	53,914.82

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Restricted assets are deposited into separate checking accounts within the accounting system. When restriction satisfied released from the account.

**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 31,2014 & 2013 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 \$19,114.63. Employees are provided with Disability Insurance and term life insurance in the amount of one times salary.

**13.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 11,078 hours of service valued at \$293,497 for year 2014. If these services were recognized as program expenses the G&A and Funding raising fee cost percentages would be lower.

**14. Concentration of Credit Risk:**

GFTW maintains Cash Balances in financial institutions that are insured by the Federal Deposit Insurance up to 250,000. At June 30 2013 GFTW had \$39,566 uninsured. The firm considers all highly liquid assets with maturity of three months, Cash equivalents.

**15 Operation Leases:**

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

2015	\$2,848	2016	\$2,848	2017	\$2,848
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#### **16. Going Concern Matters**

Gleaning for the world is involved in a five year development that includes \$3.2 million in capital investments. A Capital Campaign Committee has been formed in Central Virginia and a second Committee is working in Northern Virginia should be underway by the end of March, 2015.

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The development includes four new 12,000 SF buildings, information technology, Lean Management, and software that will revolutionize placement of product in the nonprofit world. The technology includes tracking donated product from the donating company until the product arrives at the end user. This verification process using satellite technology will place Gleaning as the leader in verification of products delivered.

As of December 31 2014, Gleaning has received \$94,961 in cash donations, made expenditures; \$47,876, the residual funds are in the Restricted Checking account. Total cash pledges are \$725,743. The funds not received during 2014 are to be paid over the next three years. Gift in kind pledges of \$570,000 have also been pledged. These pledges are not legally binding and booked when the cash is received or services rendered. All donations received for the Capital Campaign are held in the Restricted Funds account.