GLEANINGS FOR THE HUNGRY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

(WITH INDEPENDENT AUDITORS' REPORT)

GLEANINGS FOR THE HUNGRY, INC.

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December 31, 2014 and 2013

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Davis & Company
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gleanings for the Hungry, Inc.
Sultana, California

We have audited the accompanying financial statements of Gleanings for the Hungry, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gleanings for the Hungry, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited Gleanings for the Hungry, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davis and Company

Davis and Company
Santa Rosa, California
November 23, 2015

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GLEANINGS FOR THE HUNGRY, INC.
Statements of Financial Position
December 31, 2014 and 2013

	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 363,614	$ 372,628
Prepaid Outreach Expenses	35,600	17,020
Inventory - Donated Food and Supplies	1,124,889	1,446,868
Inventory - Gift Shop	16,650	16,451
TOTAL CURRENT ASSETS	1,540,753	1,852,967
LONG-TERM ASSETS		
Property and Equipment, Net	2,131,711	2,184,248
TOTAL LONG-TERM ASSETS	2,131,711	2,184,248
	$ 3,672,464	$ 4,037,215
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 15,094	$ 11,986
Deferred Outreach Revenue	60,200	38,500
TOTAL CURRENT LIABILITIES	75,294	50,486
NET ASSETS		
Unrestricted Net Assets	3,597,170	3,986,729
TOTAL NET ASSETS	3,597,170	3,986,729
TOTAL LIABILITIES AND NET ASSETS	$ 3,672,464	$ 4,037,215

The accompanying notes are an integral part of these financial statements

GLEANINGS FOR THE HUNGRY, INC.
Statements of Activities
For the years ended December 31, 2014 and 2013

	2014	2013
	Total Unrestricted	
MONETARY TRANSACTIONS		
REVENUES AND OTHER SUPPORT		
Donations-Cash		
General	$ 840,922	$ 811,958
Missions	187,972	169,175
Student, Staff, & Group Fees	211,104	172,546
Sales - Gift Shop	20,069	14,609
Interest and Dividends	287	294
Other Income	5,350	8,487
Gain (Loss) on Sale of Equipment	(1,066)	129
TOTAL REVENUES AND SUPPORT, MONETARY	1,264,638	1,177,198
EXPENSES		
Program Service	1,072,568	939,043
Management and General	182,468	183,260
Fund Raising	77,182	70,687
TOTAL EXPENSES, MONETARY	1,332,218	1,192,990
CHANGE IN NET ASSETS, MONETARY	(67,580)	(15,792)
IN-KIND TRANSACTIONS		
REVENUES		
Donations-Fresh & Dried Food	4,722,352	4,107,651
Donations-Labor Added to Fixed Assets	-	299,477
	4,722,352	4,407,128
EXPENSES		
Program Services-Food Donations	5,044,331	3,722,445
CHANGE IN NET ASSETS, IN-KIND	(321,979)	684,683
TOTAL CHANGE IN NET ASSETS	(389,559)	668,891
NET ASSETS AT BEGINNING OF YEAR	3,986,729	3,317,838
NET ASSETS AT END OF YEAR	$ 3,597,170	$ 3,986,729

The accompanying notes are an integral part of these financial statements

GLEANINGS FOR THE HUNGRY, INC.
Statement of Functional Expenses
For the year ended December 31, 2014, with Summarized Comparative Information for the Year Ended 2013

	2014				2013
	Program Service	Management and General	Fund Raising	Total Funds	Total Funds
EXPENSES-MONETARY					
MINISTRY EXPENSES					
Contributions and Missions Support	$ 365,708	$ 8,078	$ 8,078	$ 381,864	$ 307,328
Cost of Donated Food Disbursed	94,508	-	-	94,508	59,090
Food & Supplies - Base	92,942	26,555	13,277	132,774	112,822
Shipping and Postage	54,719	3,908	19,542	78,169	40,399
TOTAL MINISTRY EXPENSES	607,877	38,541	40,897	687,315	519,639
OPERATING EXPENSES					
Bank Processing Charges	4,381	2,190	730	7,301	6,071
Dues and Subscriptions	539	270	90	899	190
Housing Supplies	32,141	-	-	32,141	39,888
Legal and Accounting	-	15,692	-	15,692	14,398
Office Supplies	8,849	10,045	5,023	23,917	23,952
Outreach and Discipleship Training	95,202	-	-	95,202	96,809
Printing	2,290	572	2,862	5,724	5,448
Promotion	2,182	1,455	10,910	14,547	14,041
Purchases - Gift Shop	21,644	-	-	21,644	13,926
Taxes and Licenses	8,114	902	-	9,015	5,148
Telephone	6,987	1,612	2,150	10,749	12,211
Travel	1,480	4,441	8,882	14,803	17,289
TOTAL OPERATING EXPENSES	183,809	37,179	30,647	251,635	249,371
FACILITIES AND EQUIPMENT EXPENSES					
Automotive	32,293	14,247	950	47,489	53,393
Depreciation	75,085	32,179	-	107,264	104,658
Insurance	22,201	5,693	569	28,463	22,689
Maintenance and Repairs	34,723	8,903	890	44,517	43,241
Plant Supplies	29,507	7,868	1,967	39,342	78,104
Utilities	87,073	37,858	1,262	126,193	121,894
TOTAL FACILITIES AND EQUIPMENT EXPENSES	280,882	106,748	5,638	393,268	423,979
TOTAL FUNCTIONAL EXPENSES, MONETARY	1,072,568	182,468	77,182	1,332,218	1,192,990
EXPENSES - IN-KIND					
MINISTRY EXPENSES					
Cost of Donated Food Disbursed	5,044,331	-	-	5,044,331	3,722,445
TOTAL EXPENSES, IN-KIND	5,044,331	-	-	5,044,331	3,722,445
TOTAL EXPENSES	$ 6,116,899	$ 182,468	$ 77,182	$6,376,549	$ 4,915,435
	95.93%	2.86%	1.21%	100.00%	100.00%

The accompanying notes are an integral part of these financial statements

GLEANINGS FOR THE HUNGRY, INC.
Statements of Cash Flows
For the years ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (389,559)	$ 668,891
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation and Amortization	107,264	104,658
(Gain) on Disposal of Fixed Assets	1,066	(129)
(Increase) in Donations in Kind - Labor	-	(299,477)
(Increase) Decrease in Operating Assets:		
Inventory - Food and Supplies	321,979	(385,206)
Inventory - Gift Shop	199	(2,500)
Prepaid Insurance	-	14,325
Prepaid Outreach Expenses	(18,580)	7,246
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,108	587
Deferred Outreach Revenue	21,700	38,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	47,177	146,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Fixed Assets	800	950
Purchase of Property Improvements and Equipment	(56,991)	(95,365)
NET CASH USED BY INVESTING ACTIVITIES	(56,191)	(94,415)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,014)	52,480
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	372,628	320,148
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 363,614	$ 372,628

The accompanying notes are an integral part of these financial statements

(1) Organization

Gleanings for the Hungry, Inc. (Gleanings or the Organization) was incorporated under the laws of the State of California on November 24, 1987 as a religious, non-profit, tax-exempt corporation under Internal Revenue Code Section 501(c)(3) and California Revenue & Taxation Code Section 23701(d). The Organization's Federal Return of Organization Exempt from Income Tax (Form 990) and California Exempt Organization Annual Information Return (Form 199) for 2011, 2012, 2013 and 2014 are subject to examination by the IRS and California Franchise Tax Board.

The Organization receives, processes and ships dried foods to needy and disaster areas around the world. The Organization gleans fruit from the Central Valley of California for drying. It also receives dehydrated vegetables and spices from various food manufacturers and distributors across North America, which are combined into soup and trail mixes. The majority of Gleanings' inventory is received via donations, with a small percentage purchased by Gleanings.

Various volunteer groups are scheduled throughout the year to dry and package the food. Gleanings ships the food to charitable organizations who have the capability to distribute the food to the needy throughout the world.

Summary of Significant Accounting Procedures

(a) Basis of Presentation

The financial statements of Gleanings are presented on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) established for non-profit organizations. In accordance with GAAP, the Organization classifies net assets, revenues, gains and other support and expenses based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are assets which are not subject to donor-imposed restrictions or assets that are received with restrictions that are satisifed in the same reporting period. As of December 31, 2014 and 2013 all of the Organization's net assets were unrestricted.

Contributions and income are reported as they are received as Gleanings does not have advance knowledge of contributions to be received. Expenses are recorded when incurred. All expenses are reported as decreases in unrestricted net assets.

(b) Summarized Financial Information

The Statement of Functional Expenses for the year ended December 31, 2013 has been condensed to show expenses in total and not by function.

This is a departure from GAAP, which requires the Statement of Functional Expenses to present expenses both by function and by natural classification. In our audit report dated June 30, 2014 we presented the complete Statement of Functional Expenses for the year ended December 31, 2013 and issued an unqualified audit opinion on the statement.

(c) Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents and are recorded at cost, which approximates fair value.

(d) Fair Value Measurements

The donated food and supplies inventory are presented in the statement of financial position at fair value.

Fair value means the price that would be received to sell an asset or paid to transfer a liability between market participanets in the principal market or in the most advantageous market when no principal market exists. Since considerable judgment may be required in interpreting market data used to develop fair value estimates, disclosures must distinguish which level, from the following hierarchy, the measurement inputs were taken:

Level 1- Quoted prices in active markets for identical assets or liabilities.

Level 2- Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3- Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's value for donated food and supplies inventory of $1,124,889 and $1,446,868 at December 31, 2014 and 2013, respectively, is from Level 2 inputs. Management uses donor- provided and quoted wholesale prices of similar goods to value its donated food and supplies inventory.

(e) Inventory

Inventory consists of donated food and supplies and items available for sale in the gift store. The donated inventory is not available for sale and is valued at fair market value. The value of the donated inventory is determined by a year end count of units on hand multiplied by the fair market (wholesale) price per unit. The gift store inventory is valued at cost on a first-in, first-out basis.

(f) Fixed Assets

Property and equipment purchased is carried at cost. Equipment donated is carried at fair market value at the time of the donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Land and buildings are carried at cost. Major additions and improvements ($500 or more) are capitalized, while replacements, maintenance and repairs, which do not extend the life of the respective asset, are expensed in the current period.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets with no salvage value. The useful lives per asset class are as follows: buildings - 50 years, property improvements - 20 to 50 years, furniture and fixtures and equipment - 5 to 10 years, computers - 5 years, vehicles - 5 to 7 years.

Volunteer labor is used for the construction of fixed assets. When a fixed asset is completed, a value for donated labor is computed and added to the cost of the fixed asset. Donated labor is valued at a percentage of material costs used in the construction of the fixed asset. The percentage varies depending on the extent of donated labor used. For the years ended December 31, 2014 and 2013, respectively, $0 and $299,477 in donated labor have been recognized as revenue and capitalized as fixed assets. The $299,477 in donated labor was capitalized in 2013 along with $251,378 in cash expenses spent to build a ten-plex building. The building was completed in 2013.

(g) Contributions

The Organization receives contributions to carry out its programs, and the Organization acts as a qualified missions agency and collects and disburses donations to missionaries. The Organization is staffed by volunteers (missionaries). Volunteer staff are responsible for raising their own support and are considered independent contractors, not employees.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. While the Organization did receive contributions subject to donor restrictions, because the Organization satisfied, in the same reporting period, the restrictions stipulated by the donors, all contributions to the Organization have been recorded as unrestricted support.

(h) Contributions - In Kind

Accounting policies for non-profit organizations suggest a value be added to income for food donated to the Organization. For 2014 and 2013 respectively, a value by management of $4,722,352 and $4,107,651 of food was received as donations. $5,044,331 and $3,722,445 value of food inventory was distributed to other relief organizations around the world for 2014 and 2013, respectively.

Accounting policies for non-profit organizations suggest a value be added to income for time donated by volunteers providing professional services. All workers of the Organization donate their time. Management has determined that none of the services donated meet the criteria for recognition as revenue, with the exception of donated labor in the construction of fixed assets. Accordingly, no value for services contributed by volunteers has been included in the Statements of Activities and Statement of Functional Expenses with Summarized Comparative Information.

(i) Functional Expense Allocation

The cost of providing the various programs and supporting services has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(j) Use of Estimates

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues, expenses, gains, and losses during the reporting period.

Key estimates include the allowance for depreciation and the values given to donated food inventory and donated labor by volunteers in the construction of fixed assets. Management has estimated the value of the donated food inventory by using donor provided wholesale prices per pound or unit, or industry average wholesale prices. The value of donated labor by volunteers is estimated to be a portion of the cost of materials per project. Accumulated depreciation is an estimate of expected life value computed on straight line methods from 5 years for computer hardware to 50 years for buildings. Accordingly, actual results could differ from these estimates.

(k) Advertising Costs

Advetising costs are labeled as "Promotion" under Operating Expenses in the Statement of Functional Expenses. All advertising costs are expensed as incurred.

(2) Cash and Cash Equivalents

	2014	2013
Checking Account	$ 163,118	$ 172,191
Merrill Lynch Money Market	199,490	199,431
Petty Cash on Hand	1,006	1,006
	$ 363,614	$ 372,628

(3) Inventory

	2014	2013
Donated Food	$ 1,063,469	$ 1,278,786
Donated Supplies	61,420	168,082
	$ 1,124,889	$ 1,446,868

(4) Property, Plant & Equipment

By Category	Totals	Less Reserve for Depreciation	Net Book Value
		2014	
Land	$ 211,750	$ -	$ 211,750
Buildings	1,053,040	138,030	915,010
Property Improvements	1,937,033	1,010,005	927,028
Furniture & Fixtures	78,734	75,173	3,561
Equipment	465,460	397,345	68,115
Computers	14,118	8,639	5,479
Vehicles	188,658	187,890	768
	$ 3,948,793	$ 1,817,082	$ 2,131,711

	Totals	Less Reserve for Depreciation	Net Book Value
		2013	
Land	$ 211,750	$ -	$ 211,750
Buildings	1,053,040	114,513	938,527
Property Improvements	1,952,105	1,011,694	940,411
Furniture & Fixtures	85,502	81,055	79,862
Equipment	531,988	457,387	334,339
Computers	14,118	5,640	8,478
Vehicles	203,683	197,649	6,034
	$ 4,052,186	$ 1,867,938	$ 2,184,248

(5) Subsequent Events

The Organization evaluated subsequent events through November 23, 2015, the date the financial statements were available to be issued.