

OUR DAILY BREAD, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

OUR DAILY BREAD, INC.
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

Bernard M. Gordon, CPA, PLC

Certified Public Accountant and Consultant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Our Daily Bread, Inc.

I have audited the accompanying financial statements of Our Daily Bread, Inc. (a not-for-profit corporation), which consist of the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Daily Bread, Inc. as of December 31, 2013, 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.

Report on Summarized Comparative Information

I have previously audited Our Daily Bread, Inc.'s 2012 financial statements, and my report dated July 1, 2013 expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bernard M. Jordan, CPA, PLC

May 30, 2014

OUR DAILY BREAD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2012)

ASSETS		
	2013	2012
Cash	\$ 347,640	\$ 336,224
Non-government grants receivable	3,000	25,000
Receivable for costs recoverable under government grant	25,000	25,000
Contributions and other receivables	23,334	9,327
Gift cards	7,230	9,850
Food inventory	7,688	16,096
Prepaid expenses	372	1,625
Furniture and equipment, net	20,009	25,340
Intangible assets, net	31,598	16,667
TOTAL ASSETS	\$ 465,871	\$ 465,129

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 37,498	\$ 9,411
Accrued payroll and payroll taxes	11,452	11,337
TOTAL LIABILITIES	48,950	20,748
 NET ASSETS		
Unrestricted	414,921	404,381
Temporarily restricted	2,000	40,000
TOTAL NET ASSETS	416,921	444,381
TOTAL LIABILITIES AND NET ASSETS	\$ 465,871	\$ 465,129

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

	Un- restricted	Temporarily Restricted	2013 Total	2012 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE AND OTHER SUPPORT				
Donated goods, services, and facilities use	\$ 259,528	\$ -	\$ 259,528	\$ 384,916
Contributions	386,762	-	386,762	351,288
Government grants	227,500	-	227,500	175,000
Non-government grants	25,530	4,000	29,530	51,500
Special events	77,465	-	77,465	74,783
Less: Costs of direct benefits to donors	(33,563)	-	(33,563)	(41,055)
Interest	453	-	453	622
Net assets released from restrictions				
Satisfaction of purpose restrictions	<u>42,000</u>	<u>(42,000)</u>	<u>0</u>	<u>0</u>
TOTAL REVENUE AND OTHER SUPPORT	985,675	(38,000)	947,675	997,054
EXPENSES				
Program services				
Seasonal Programs	274,151	-	274,151	296,586
Food Bridge Program	264,301	-	264,301	265,913
Community Education	141,022	-	141,022	76,955
Financial Assistance	102,073	-	102,073	77,062
Financial Literacy	74,353	-	74,353	80,777
Project Bridge	<u>55,853</u>	<u>-</u>	<u>55,853</u>	<u>8,109</u>
	911,753	-	911,753	805,402
Fundraising	29,420	-	29,420	58,733
General and administrative	<u>33,962</u>	<u>-</u>	<u>33,962</u>	<u>50,621</u>
TOTAL EXPENSES	975,135	-	975,135	914,756
CHANGE IN NET ASSETS	10,540	(38,000)	(27,460)	82,298
NET ASSETS AT BEGINNING OF YEAR	<u>404,381</u>	<u>40,000</u>	<u>444,381</u>	<u>362,083</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 414,921</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 416,921</u></u>	<u><u>\$ 444,381</u></u>

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

	Seasonal Programs	Food Bridge Program	Community Education	Financial Assistance	Financial Literacy	Project Bridge	Total Program Services	Fund-raising	General and Administrative	Indirect Expenses	2013 Grand Total	2012 Grand Total
Advertising	\$ -	\$ -	\$ 4,419	\$ -	\$ -	\$ -	\$ 4,419	\$ -	\$ -	\$ -	\$ 4,419	\$ -
Audit and accounting fees	-	-	-	-	-	-	-	-	9,500	-	9,500	9,700
Bank and transaction fees	-	-	-	-	-	-	-	-	-	4,071	4,071	4,095
Conferences and meetings	-	-	526	-	275	-	801	-	135	200	1,136	976
Consultant/professional services	3,960	-	-	-	-	-	3,960	-	200	-	4,160	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	15,400	15,400	15,989
Dues and subscriptions	-	50	1,089	-	-	-	1,139	-	238	140	1,517	2,163
Financial assistance grants	-	-	-	66,574	200	-	66,774	-	-	-	66,774	56,347
Information technology	-	65	23	-	-	-	88	-	-	2,479	2,567	3,382
Insurance	-	-	35	-	-	-	35	-	334	4,092	4,461	3,671
In-kind donations	57,954	132,239	6,317	-	-	1,070	197,580	-	2,049	67,962	267,591	377,986
Maintenance and repairs	-	-	-	-	-	-	-	-	-	5,366	5,366	595
Moving	-	-	-	-	-	-	-	-	-	-	-	460
Office supplies	55	-	366	-	12	-	433	-	1,053	2,600	4,086	4,681
Payroll processing fees	-	-	-	-	-	-	-	-	-	3,813	3,813	3,509
Postage and shipping	3,495	226	1,348	-	36	-	5,105	2,725	173	2,162	10,165	5,537
Printing and copying	494	150	3,745	-	654	82	5,125	2,542	103	4,560	12,330	14,680
Program support												
Gift card purchases	113,098	66,165	-	-	-	-	179,263	-	-	-	179,263	109,275
Our Daily Veggie vouchers	-	6,119	-	-	-	-	6,119	-	-	-	6,119	3,900
Goods and supplies	20,419	-	-	-	2,682	872	23,973	87	-	-	24,060	20,006
Property taxes and licenses	-	-	-	-	-	-	-	-	823	-	823	902
Refreshments	95	-	10	49	268	-	422	-	304	99	825	376
Rent and copier lease	-	-	-	-	-	-	-	-	-	2,128	2,128	2,039
Retirement plan expense	-	-	-	-	-	-	-	-	454	6,824	7,278	4,253
Salary and payroll taxes	39,248	31,328	64,826	18,773	36,883	28,411	219,469	12,673	8,863	88,839	329,844	263,239
Staff training and seminars	150	-	252	-	-	50	452	25	1,000	-	1,477	1,842
Telephone	318	129	-	-	577	129	1,153	-	-	3,497	4,650	3,906
Travel	-	-	477	-	-	-	477	110	56	144	787	711
Volunteer recognition	-	-	-	-	-	-	-	-	400	125	525	536
	<u>239,286</u>	<u>236,471</u>	<u>83,433</u>	<u>85,396</u>	<u>41,587</u>	<u>30,614</u>	<u>716,787</u>	<u>18,162</u>	<u>25,685</u>	<u>214,501</u>	<u>975,135</u>	<u>914,756</u>
Allocation of indirect expenses	34,865	27,830	57,589	16,677	32,766	25,239	194,966	11,258	8,277	(214,501)	0	0
Total expenses	<u>\$ 274,151</u>	<u>\$ 264,301</u>	<u>\$ 141,022</u>	<u>\$ 102,073</u>	<u>\$ 74,353</u>	<u>\$ 55,853</u>	<u>\$ 911,753</u>	<u>\$ 29,420</u>	<u>\$ 33,962</u>	<u>\$ 0</u>	<u>\$ 975,135</u>	<u>\$ 914,756</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (27,460)	\$ 82,298
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	15,400	15,989
(Increase) decrease in operating assets		
Non-government grants receivable	22,000	(20,000)
Contributions and other receivables	(14,007)	(4,013)
Gift cards	2,620	(9,850)
Food inventory	8,408	2,921
Prepaid expenses	1,253	(1,625)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	28,087	(25,951)
Accrued payroll and payroll taxes	115	1,210
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>36,416</u>	<u>40,979</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	-	(3,930)
Purchase of intangible assets	<u>(25,000)</u>	<u>(12,500)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(25,000)</u>	<u>(16,430)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,416	24,549
CASH AND CASH EQUIVALENTS - BEGINNING	<u>336,224</u>	<u>311,675</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 347,640</u></u>	<u><u>\$ 336,224</u></u>

See notes to financial statements.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

1. NATURE OF ACTIVITIES

Our Daily Bread, Inc. ("ODB") works with government agencies and other charitable organizations to provide services to and advocacy for the working poor and other needy people of Fairfax County, Virginia. ODB began in 1984 and incorporated in Virginia in 1989. ODB operates the following programs with the help of volunteers:

Seasonal Programs

ODB works with Fairfax County government agencies, community based organizations, faith communities, area businesses, individual families, and other volunteers to provide school supplies and holiday meal, gift baskets, and food store gift cards to clients referred by governmental agencies, faith communities, and not-for-profit organizations.

Food Bridge Program

The organization coordinates a weekly food program by finding and matching a group of volunteers to a list of clients referred by government agencies. The volunteers typically pay for groceries and deliver them directly to the clients. ODB also provides food store gift cards to clients. In addition, ODB maintains a food pantry in order to make emergency deliveries to families with urgent needs.

Community Education

ODB provides information about its activities to the community and referring agents and fosters relationships with donors through several mediums, including the organization's website, print materials, display boards, and newsletters.

Financial Assistance

ODB enlists and coordinates volunteers to evaluate requests from referring government agencies for emergency financial assistance grants. These grants are generally one-time emergency situations. ODB provides financial assistance grants to pay rent, utilities, medical and other emergency expenses, including auto repair.

Financial Literacy

ODB educates clients in basic household budgeting and understanding credit through three programs: one-on-one counseling is provided through the Financial Mentoring Program and Financial Counseling Clinics, and small group instruction is provided through budgeting classes. ODB staff train and supervise volunteers who provide mentoring and classroom instruction.

Project Bridge

For selected clients, ODB draws upon the resources of all of its programs and the community to develop a comprehensive plan for each client and provide services tailored to each client's specific needs.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

2. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

ODB presents its financial statements in accordance with United States generally accepted accounting principles for not-for-profit organizations. ODB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Government grants

Government grants are cost reimbursable grants. They are considered exchange transactions and are recognized as unrestricted revenue to the extent of allowable direct and indirect costs incurred.

Non-government grants and contributions

Non-government grants and contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier. They are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Grants and contributions restricted by the donor are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

ODB considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Food inventory

Inventory consists of (a) donated food, which is recorded at fair value as of the donation date, and (b) purchased food, which is recorded at cost. Inventory is stated in the Statement of Financial Position at the lower of cost or realizable value using the first in, first out (FIFO) method.

Furniture and equipment

Purchased furniture and equipment is capitalized at cost. Donated furniture and equipment is capitalized at estimated fair value and revenue is recorded. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of three to seven years.

Intangible assets

Intangible assets consist of a website and database software, which are capitalized at cost. Intangible assets are amortized using the straight-line method over the estimated useful lives of two to three years.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

Income taxes

ODB is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. ODB's IRS form 990, Return of Organization Exempt from Income Tax, for 2011, 2012, and 2013 is subject to examination by the IRS, generally for three years after it is filed.

Restrictions met in year contribution received

ODB reports all temporarily restricted contributions whose restrictions are met in the same year as unrestricted contributions.

Concentration of credit risk

ODB maintains substantially all of its cash balances at a bank and a credit union. The cash balances are insured by the FDIC and the National Credit Union Administration up to \$250,000. At December 31, 2013, substantially all of ODB's cash balances are insured.

Advertising costs

Advertising costs are charged to expense as incurred.

Estimates

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

Subsequent events

Management has evaluated subsequent events through May 30, 2014, the date the financial statements were available to be issued.

Reclassifications

Certain 2012 amounts have been reclassified to conform to the 2013 financial statement presentation.

3. INFORMATION FOR 2012

The 2012 summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived. However, such information does not constitute a presentation in conformity with generally accepted accounting principles because it is presented in total, and not by net asset class or functional expense category. Accordingly, such information should be read in conjunction with Our Daily Bread, Inc.'s financial statements for the year ended December 31, 2012, from which the summarized information is derived.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

4. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Furniture and office equipment	\$ 50,297	\$ 50,297
Less: accumulated depreciation	<u>(30,288)</u>	<u>(24,957)</u>
	<u>\$ 20,009</u>	<u>\$ 25,340</u>

5. INTANGIBLE ASSETS

Intangible assets consist of the following:

	<u>2013</u>	<u>2012</u>
Website and database software	\$ 60,000	\$ 35,000
Less: accumulated amortization	<u>(28,402)</u>	<u>(18,333)</u>
	<u>\$ 31,598</u>	<u>\$ 16,667</u>

6. DONATED GOODS, SERVICES, AND FACILITIES

ODB recognized revenue in the Statement of Activities for the fair value of the following donated goods, services, and facilities use:

	<u>2013</u>	<u>2012</u>
Food	\$ 100,053	\$ 126,098
Gift cards	39,137	51,272
Facilities use	38,361	51,079
Services	31,385	20,540
Holiday items and other	<u>50,592</u>	<u>135,927</u>
	<u>\$ 259,528</u>	<u>\$ 384,916</u>

In addition, ODB received approximately 8,300 and 8,700 hours in 2013 and 2012, respectively, of donated services from unpaid volunteers who assist the organization in a variety of tasks. The value of these services is estimated at \$201,000 and \$213,000 for 2013 and 2012, respectively. No revenue has been recognized for these services in the Statement of Activities because they do not meet the criteria for recognition under generally accepted accounting principles.

7. OPERATING LEASES

ODB leases its office space at no cost under a License Agreement with the County of Fairfax. The term of the lease runs concurrent with a grant agreement with the County of Fairfax and is automatically renewed at any time the grant is renewed. The License Agreement expires June 30, 2014.

Space for one food pantry is leased under a separate License Agreement with the County of Fairfax that expires June 30, 2014. Space for the other food pantry is leased on a month to month basis.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2012)

In June 2011 ODB signed a lease for a copier, whereby ODB is obligated to pay \$149 per month over the 60 month term of the lease.

Rent and copier lease expense is \$40,489 (of which \$38,361 is donated) for 2013 and \$53,118 (of which \$51,079 is donated) for 2012.

8. REVENUE CONCENTRATION

During 2013 and 2012, 27% and 20%, respectively, of total revenue was derived from County of Fairfax, Virginia grants and donated facilities use.

9. RETIREMENT PLAN

ODB has a 403(b) retirement plan, which covers substantially all employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their salary up to the maximum allowed by law. ODB matches a portion of the employee contributions in an amount determined by the Board of Directors on an annual basis, currently one-half of the employee's contributions up to 6% of the employee's salary. ODB contributed \$7,278 and \$4,253 to the plan for 2013 and 2012, respectively.

10. EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs, general and administrative, and fundraising.