

OUR DAILY BREAD, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

OUR DAILY BREAD, INC.
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

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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, 2014, 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, 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.

Report on Summarized Comparative Information

I have previously audited Our Daily Bread, Inc.'s 2013 financial statements, and my report dated May 30, 2014 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, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bernard M. Gordon, CPA, PLC

May 29, 2015

OUR DAILY BREAD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2013)

	ASSETS	
	2014	2013
Cash	\$ 355,712	\$ 347,640
Non-government grants receivable	19,250	3,000
Receivable for costs recoverable under government grants	26,251	25,000
Contributions and other receivables	27,326	23,334
Gift cards	3,080	7,230
Inventory	9,750	7,688
Prepaid expenses	429	372
Furniture and equipment, net	17,029	20,009
Intangible assets, net	17,817	31,598
TOTAL ASSETS	\$ 476,644	\$ 465,871

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 12,047	\$ 37,498
Accrued payroll and payroll taxes	5,001	11,452
TOTAL LIABILITIES	17,048	48,950
NET ASSETS		
Unrestricted	437,234	414,921
Temporarily restricted	22,362	2,000
TOTAL NET ASSETS	459,596	416,921
TOTAL LIABILITIES AND NET ASSETS	\$ 476,644	\$ 465,871

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	<u>Un- restricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
REVENUE AND OTHER SUPPORT				
Donated goods, services, facilities use, and other	\$ 164,946	\$ -	\$ 164,946	\$ 259,528
Contributions	450,596	10,000	460,596	386,762
Contribution - Naomi Project acquisition	-	19,727	19,727	-
Government grants	232,501	-	232,501	227,500
Non-government grants	-	33,500	33,500	29,530
Special events	89,793	-	89,793	77,465
Less: Costs of direct benefits to donors	(52,477)	-	(52,477)	(33,563)
Interest	351	-	351	453
Net assets released from restrictions				
Satisfaction of purpose restrictions	42,865	(42,865)	0	0
TOTAL REVENUE AND OTHER SUPPORT	<u>928,575</u>	<u>20,362</u>	<u>948,937</u>	<u>947,675</u>
EXPENSES				
Program services				
Food Bridge	247,169	-	247,169	264,301
Seasonal programs	198,914	-	198,914	274,151
Community Education	160,357	-	160,357	141,022
Financial Assistance	100,539	-	100,539	102,073
Financial Literacy	77,637	-	77,637	74,353
Project BRIDGE	38,070	-	38,070	55,853
Naomi Project	9,865	-	9,865	-
Advocacy	3,689	-	3,689	-
	<u>836,240</u>	<u>-</u>	<u>836,240</u>	<u>911,753</u>
Fundraising	28,014	-	28,014	29,420
General and administrative	42,008	-	42,008	33,962
TOTAL EXPENSES	<u>906,262</u>	<u>-</u>	<u>906,262</u>	<u>975,135</u>
CHANGE IN NET ASSETS	22,313	20,362	42,675	(27,460)
NET ASSETS AT BEGINNING OF YEAR	<u>414,921</u>	<u>2,000</u>	<u>416,921</u>	<u>444,381</u>
NET ASSETS AT END OF YEAR	<u>\$ 437,234</u>	<u>\$ 22,362</u>	<u>\$ 459,596</u>	<u>\$ 416,921</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	Food Bridge	Seasonal Programs	Community Education	Financial Assistance	Financial Literacy	Project BRIDGE	Naomi Project	Ad- vocacy	Total Program Services	Fund- raising	General and Admin- istrative	Indirect Expenses	2014 Grand Total	2013 Grand Total
Advertising	\$ -	\$ 24	\$ 444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468	\$ -	\$ -	\$ 91	\$ 559	\$ 4,419
Audit and accounting fees	-	-	-	-	-	-	-	-	0	-	9,500	-	9,500	9,500
Bank and transaction fees	-	-	99	-	-	-	-	-	99	-	-	4,279	4,378	4,071
Conferences and meetings	-	-	731	-	550	-	-	-	1,281	-	280	67	1,628	1,136
Consultant/professional services	-	-	77	-	-	-	-	-	77	-	197	1,161	1,435	4,160
Depreciation and amortization	-	-	-	-	-	-	-	-	0	-	-	21,583	21,583	15,400
Dues and subscriptions	-	-	1,795	-	-	500	-	-	2,295	-	100	-	2,395	1,517
Financial assistance grants	-	-	-	60,680	-	3,454	-	-	64,134	-	-	-	64,134	66,774
Information technology	-	18	161	-	-	-	19	-	198	9	-	3,560	3,767	2,567
Insurance	-	-	-	-	-	-	-	-	-	-	114	4,464	4,578	4,461
In-kind donations	77,910	17,425	1,100	1,156	-	-	-	-	97,591	1,135	5,244	59,759	163,729	267,591
Maintenance and repairs	-	2,471	60	-	-	-	-	-	2,531	-	-	4,715	7,246	5,366
Miscellaneous	-	-	200	-	235	30	-	-	465	120	168	216	969	-
Office supplies	-	128	1,303	-	-	-	49	-	1,480	16	2,871	299	4,666	4,086
Payroll processing fees	-	-	-	-	-	-	-	-	-	-	-	3,131	3,131	3,813
Postage and shipping	470	1,163	2,667	-	18	-	-	-	4,318	2,436	135	480	7,369	10,165
Printing and copying	300	2,113	6,494	-	-	141	-	-	9,048	4,070	659	861	14,638	12,330
Program support														
Gift cards distributed	95,369	87,227	-	100	110	-	-	-	182,806	385	570	-	183,761	179,263
Our Daily Veggie vouchers	9,110	-	-	-	-	-	-	-	9,110	-	-	-	9,110	6,119
Goods and supplies	-	26,135	6,223	-	500	1,000	-	-	33,858	-	-	-	33,858	24,060
Property taxes and licenses	-	-	55	-	-	-	-	-	55	-	819	-	874	823
Refreshments	61	-	-	-	186	228	44	-	519	1,736	174	-	2,429	825
Rent and copier lease	-	-	761	-	-	-	-	-	761	-	-	1,788	2,549	2,128
Retirement plan expense	-	-	-	-	-	-	-	-	-	-	-	6,339	6,339	7,278
Salary and payroll taxes	35,111	34,227	75,897	21,295	41,273	18,048	5,359	2,035	233,245	9,988	10,909	88,497	342,639	329,844
Staff training and seminars	-	-	220	-	-	-	-	-	220	-	1,247	202	1,669	1,477
Telephone	257	48	-	-	-	-	38	-	343	-	-	4,628	4,971	4,650
Travel	44	116	222	-	1,219	-	-	-	1,601	2	66	440	2,109	787
Volunteer recognition	-	-	160	-	-	-	-	-	160	-	89	-	249	525
	218,632	171,095	98,669	83,231	44,091	23,401	5,509	2,035	646,663	19,897	33,142	206,560	906,262	975,135
Allocation of indirect expenses	28,537	27,819	61,688	17,308	33,546	14,669	4,356	1,654	189,577	8,117	8,866	(206,560)	0	0
Total expenses	<u>\$ 247,169</u>	<u>\$ 198,914</u>	<u>\$ 160,357</u>	<u>\$ 100,539</u>	<u>\$ 77,637</u>	<u>\$ 38,070</u>	<u>\$ 9,865</u>	<u>\$ 3,689</u>	<u>\$ 836,240</u>	<u>\$ 28,014</u>	<u>\$ 42,008</u>	<u>\$ 0</u>	<u>\$ 906,262</u>	<u>\$ 975,135</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 42,675	\$ (27,460)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	21,583	15,400
(Increase) decrease in operating assets		
Non-government grants receivable	(16,250)	22,000
Receivable for costs recoverable under government grants	(1,251)	-
Contributions and other receivables	(3,992)	(14,007)
Gift cards	4,150	2,620
Inventory	(2,062)	8,408
Prepaid expenses	(57)	1,253
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(25,451)	28,087
Accrued payroll and payroll taxes	(6,451)	115
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>12,894</u>	<u>36,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(2,095)	-
Purchase of intangible assets	<u>(2,727)</u>	<u>(25,000)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(4,822)</u>	<u>(25,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,072	11,416
CASH AND CASH EQUIVALENTS - BEGINNING	<u>347,640</u>	<u>336,224</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 355,712</u>	<u>\$ 347,640</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

1. NATURE OF ACTIVITIES

Our Daily Bread provides our Fairfax County area neighbors in need with short-term safety-net services and empowers them to work toward long-term self-sufficiency. ODB began in 1984 and incorporated in Virginia in 1989. ODB operates the following programs with the help of volunteers:

Food Bridge

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/or gift cards and deliver them directly to the clients. In addition, ODB maintains a food pantry in order to make emergency deliveries to families with urgent needs.

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 meals, gifts of clothing and toys, and store gift cards to clients referred by governmental agencies, faith communities, and not-for-profit organizations.

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, social media, 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.

Naomi Project

The program, which is run by volunteers, matches high-risk pregnant or newly parenting women with trained mentors who are committed to promoting healthy pregnancies and healthy babies.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

Advocacy

ODB Board members and staff advocate for Board-selected issues in order to create an environment where ODB's clients can achieve long-term self-sufficiency.

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.

Inventory

Inventory consists of (a) donated and purchased food, and (b) donated Naomi Project baby supplies. Donated items are recorded at fair value as of the donation date. Purchased items are 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, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

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 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after filing.

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, 2014, 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 26, 2015, the date the financial statements were available to be issued.

3. INFORMATION FOR 2013

The 2013 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, 2013, from which the summarized information is derived.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

4. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	<u>2014</u>	<u>2013</u>
Furniture and office equipment	\$ 52,392	\$ 50,297
Less: accumulated depreciation	<u>(35,363)</u>	<u>(30,288)</u>
	<u>\$ 17,029</u>	<u>\$ 20,009</u>

5. INTANGIBLE ASSETS

Intangible assets consist of the following:

	<u>2014</u>	<u>2013</u>
Website and database software	\$ 62,727	\$ 60,000
Less: accumulated amortization	<u>(44,910)</u>	<u>(28,402)</u>
	<u>\$ 17,817</u>	<u>\$ 31,598</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>2014</u>	<u>2013</u>
Food	\$ 66,661	\$ 100,053
Gift cards	8,270	39,137
Facilities use	49,294	38,361
Services	24,688	31,385
Holiday items and other	16,033	50,592
	<u>\$ 164,946</u>	<u>\$ 259,528</u>

In addition, ODB received approximately 7,400 and 8,300 hours in 2014 and 2013, respectively, of donated services from unpaid volunteers who assist the organization in a variety of tasks. The value of these services is estimated at \$159,000 and \$201,000 for 2014 and 2013, 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, 2016.

Space for a food pantry is leased under a separate month-to-month License Agreement with the County of Fairfax.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

Throughout each year, ODB rents space on a short-term basis for its programs.

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 \$51,843 (of which \$49,294 is donated) for 2014 and \$40,489 (of which \$38,361 is donated) for 2013.

8. REVENUE CONCENTRATION

During 2014 and 2013, 28% and 27%, 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 \$6,339 and \$7,278 to the plan for 2014 and 2013, respectively.

10. ACQUISITION OF NAOMI PROJECT

ODB acquired the assets and assumed the liabilities of The Naomi Project ("NP") on October 30, 2014 from The Virginia Council of Churches ("VCC"), a religious organization, in accordance with an Asset Purchase Agreement between the parties. VCC, on behalf of NP, sought an organization to assume the direction and oversight of NP upon the retirement of NP's long-standing Executive Director. ODB desired to acquire NP from VCC in order for NP to continue its operations and serve its clients. On the acquisition date, ODB recorded NP's assets and liabilities on its books at fair value as follows:

Assets acquired	
Cash	\$ 18,882
Inventory	845
	19,727
Liabilities assumed	-
	\$ 19,727

ODB also recorded \$19,727 of contribution revenue in its Statement of Activities for the difference between the assets acquired and liabilities assumed.

11. 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.