

OUR DAILY BREAD, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

**OUR DAILY BREAD, INC.
YEAR ENDED DECEMBER 31, 2011**

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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 statement of financial position of Our Daily Bread, Inc. (a not-for-profit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Our Daily Bread, Inc.'s management. 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 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. I believe that my audit provides a reasonable basis for my 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bernard M. Gordon, CPA, PLC

June 28, 2012

OUR DAILY BREAD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Cash	\$ 311,675
Grants receivable	30,000
Contributions receivable	5,314
Food inventory	19,017
Furniture and equipment, net of accumulated depreciation of \$19,037	27,330
Intangible assets, net of accumulated amortization of \$8,264	<u>14,236</u>
TOTAL ASSETS	<u><u>\$ 407,572</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 35,362
Accrued payroll and payroll taxes	<u>10,127</u>
	45,489

NET ASSETS

Unrestricted	356,083
Temporarily restricted	<u>6,000</u>
	362,083

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 407,572</u></u>
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See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Donated goods, services, and facilities	\$ 313,157	\$ -	\$ 313,157
Contributions	269,412	-	269,412
Grants	188,500	9,980	198,480
Special events	54,111	-	54,111
Less: Costs of direct benefits to donors	(25,030)	-	(25,030)
Interest	1,189	-	1,189
Net assets released from restrictions			
Satisfaction of purpose restrictions	<u>13,980</u>	<u>(13,980)</u>	<u>0</u>
TOTAL REVENUE AND OTHER SUPPORT	815,319	(4,000)	811,319
EXPENSES			
Program services			
Food Program	240,284	-	240,284
Seasonal Programs	197,091	-	197,091
Community Education	113,745	-	113,745
Financial Literacy	64,716	-	64,716
Financial Assistance	<u>61,587</u>	<u>-</u>	<u>61,587</u>
	677,423	-	677,423
Fundraising	44,376	-	44,376
General and administrative	<u>41,903</u>	<u>-</u>	<u>41,903</u>
TOTAL EXPENSES	763,702	-	763,702
CHANGE IN NET ASSETS	51,617	(4,000)	47,617
NET ASSETS AT BEGINNING OF YEAR	<u>304,466</u>	<u>10,000</u>	<u>314,466</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 356,083</u></u>	<u><u>\$ 6,000</u></u>	<u><u>\$ 362,083</u></u>

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

	Food Program	Seasonal Programs	Community Education	Financial Literacy	Financial Assistance	Total Program Services	Fund- raising	General and Administrative	Grand Total
Audit and accounting fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,500	\$ 9,500
Advertising	-	-	-	-	-	-	247	-	247
Bank and transaction fees	449	382	848	548	140	2,367	258	238	2,863
Computer expenses	339	289	999	1,245	106	2,978	94	180	3,252
Conferences and meetings	-	-	77	270	-	347	248	75	670
Depreciation and amortization	1,175	999	2,220	6,105	367	10,866	326	623	11,815
Dues and subscriptions	95	80	468	228	29	900	716	50	1,666
Family assistance	-	-	-	150	43,333	43,483	-	-	43,483
Food	22,485	-	-	-	-	22,485	-	-	22,485
Goods and supplies	9,300	67,573	500	2,075	-	79,448	475	25	79,948
In-kind donations	158,843	85,595	18,639	9,285	3,080	275,442	24,719	5,232	305,393
Insurance	757	643	1,429	712	236	3,777	210	401	4,388
Moving	2,068	1,759	3,906	1,946	646	10,325	573	1,097	11,995
Office supplies	450	497	894	755	132	2,728	774	225	3,727
Payroll processing fees	588	500	1,111	554	184	2,937	163	312	3,412
Personal property tax	-	-	-	-	-	-	-	819	819
Postage and shipping	126	775	992	81	26	2,000	1,055	43	3,098
Printing and copying	549	1,149	1,827	423	124	4,072	2,320	211	6,603
Refreshments	94	201	178	212	29	714	26	50	790
Rent and copier lease	1,019	353	383	191	63	2,009	56	107	2,172
Salary and payroll taxes	41,334	35,149	78,070	38,892	12,901	206,346	11,457	21,914	239,717
Telephone	546	788	1,032	879	170	3,415	151	290	3,856
Training and seminars	-	-	-	-	-	-	299	459	758
Travel	-	303	46	88	-	437	190	17	644
Volunteer recognition	67	56	126	77	21	347	19	35	401
Total expenses	<u>\$ 240,284</u>	<u>\$ 197,091</u>	<u>\$ 113,745</u>	<u>\$ 64,716</u>	<u>\$ 61,587</u>	<u>\$ 677,423</u>	<u>\$ 44,376</u>	<u>\$ 41,903</u>	<u>\$ 763,702</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 47,617
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	11,815
(Increase) decrease in operating assets	
Grants receivable	(5,000)
Contributions receivable	17,880
Other receivables	2,600
Food inventory	(7,764)
Prepaid expenses	582
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	10,553
Accrued payroll and payroll taxes	(595)
Due to grantor	<u>(21,740)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	55,948
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture and equipment	(25,623)
Purchase of intangible assets	<u>(12,500)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(38,123)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,825
CASH AND CASH EQUIVALENTS - BEGINNING	<u>293,850</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 311,675</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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:

Food 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.

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 and gift baskets to clients referred by governmental agencies.

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 Literacy

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

ODB presents its financial statements in accordance with 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.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Grants and contributions

Grants and contributions are recognized as revenue in the period received or unconditionally promised. 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 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.

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.

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 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, 2011, all of ODB's cash balances are insured.

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.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Subsequent events

Management has evaluated subsequent events through June 28, 2012 the date the financial statements were available to be issued.

3. DONATED GOODS, SERVICES, AND FACILITIES

ODB recognized revenue in the 2011 Statement of Activities for the fair value of the following donated goods, services, and facilities:

Goods - food program	\$ 142,565
Goods - seasonal programs	77,203
Goods and services - fundraising	16,984
Facilities - program, management and office	56,893
Information technology labor	11,895
Other	7,617
	<u>\$ 313,157</u>

In addition, ODB received approximately 8,300 hours of donated services from unpaid volunteers who assist the organization in a variety of tasks. The value of these services is estimated at \$178,000. 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.

4. 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 pantries, fall food drive, and the holiday program are leased on a month to month basis.

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 for 2011 is \$59,065, of which \$56,893 is donated.

5. REVENUE CONCENTRATION

During 2011, 20% of total revenue was derived from County of Fairfax, Virginia grants and donated facilities.

6. 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, management and general, and fundraising.