

OUR DAILY BREAD, INC.

**YEAR ENDED
DECEMBER 31, 2006**

**OUR DAILY BREAD, INC.
YEAR ENDED DECEMBER 31, 2006**

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Swart, Lalande & Associates, P.C.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Our Daily Bread, Inc.
Fairfax, Virginia

We have audited the accompanying statement of financial position of Our Daily Bread, Inc. (a nonprofit organization) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 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 respects, the financial position of Our Daily Bread, Inc. as of December 31, 2006, and the results of its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Swart, Lalande & Associates, P.C.

Swart, Lalande & Associates, P.C.
February 4, 2008

**OUR DAILY BREAD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006**

ASSETS

Assets:

Cash	\$ 32,248
Contributions receivable	4,772
Grant receivable	25,000
Prepaid expenses	387
Equipment, net of accumulated depreciation of \$5,600	<u>3,725</u>

Total assets \$ 66,132

LIABILITIES AND NET ASSETS

Liabilities:

Other accrued expenses	\$ 1,942
Accrued payroll and payroll taxes	<u>7,636</u>

Total liabilities 9,578

Net assets:

Unrestricted	56,554
Temporarily restricted	<u>-</u>

Total net assets 56,554

Total liabilities and net assets \$ 66,132

See notes to financial statements.

**OUR DAILY BREAD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues:			
Program and general:			
Contributions	\$ 94,928	\$ 2,500	\$ 97,428
Grant revenue	101,500	2,000	103,500
Fundraising	17,221	-	17,221
Interest	<u>178</u>	<u>-</u>	<u>178</u>
Total program and general	213,827	4,500	218,327
Assets released from restrictions:			
Satisfaction of purpose restrictions	<u>4,500</u>	<u>(4,500)</u>	<u>-</u>
Total revenues	<u>218,327</u>	<u>-</u>	<u>218,327</u>
Expenses:			
Program services:			
Family assistance	21,835	-	21,835
Food	37,984	-	37,984
Mentoring	6,165	-	6,165
Special projects	58,542	-	58,542
Community education	<u>15,939</u>	<u>-</u>	<u>15,939</u>
Total program services	<u>140,465</u>	<u>-</u>	<u>140,465</u>
Supporting services:			
Fundraising	32,341	-	32,341
General and administrative	<u>42,065</u>	<u>-</u>	<u>42,065</u>
Total supporting services	<u>74,406</u>	<u>-</u>	<u>74,406</u>
Total expenses	<u>214,871</u>	<u>-</u>	<u>214,871</u>
Change in net assets	<u>3,456</u>	<u>-</u>	<u>3,456</u>
Net assets, beginning of year	<u>53,098</u>	<u>-</u>	<u>53,098</u>
Net assets, end of year	<u>\$ 56,554</u>	<u>\$ -</u>	<u>\$ 56,554</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2006

	Family assistance	Food	Mentoring	Special projects	Community education	Total program services	Fund- raising	General and admin- istrative	Total supporting services	Total
Advertising	\$ 16	\$ 92	\$ 22	\$ 137	\$ 46	\$ 313	\$ 95	\$ 140	\$ 235	\$ 548
Bank charges	-	-	-	-	-	-	-	30	30	30
Back to school project	-	-	-	4,020	-	4,020	-	-	-	4,020
Computer expense	20	120	29	179	125	473	169	183	352	825
Conference & meetings	-	-	-	-	130	130	-	-	-	130
Depreciation	79	468	112	698	233	1,590	485	713	1,198	2,788
Dues & subscriptions	14	85	20	129	452	700	552	130	682	1,382
Family assistance	17,272	-	-	-	-	17,272	-	-	-	17,272
Food delivery	-	10,220	-	-	-	10,220	-	-	-	10,220
Holiday projects	-	-	-	17,800	-	17,800	-	-	-	17,800
Mentoring program	-	-	112	-	-	112	-	-	-	112
Office supplies	152	383	63	447	467	1,512	324	403	727	2,239
Payroll processing fees	48	284	68	425	141	966	295	434	729	1,695
Postage & shipping	43	193	46	732	699	1,713	1,033	295	1,328	3,041
Printing & copying	81	478	134	933	1,597	3,223	1,868	730	2,598	5,821
Refreshments	83	12	8	24	-	127	18	182	200	327
Rent	912	8,944	1,287	8,008	2,671	21,822	5,568	8,190	13,758	35,580
Telephone	71	417	100	622	207	1,417	432	636	1,068	2,485
Training & seminars	-	-	-	-	35	35	-	259	259	294
Transaction fees	-	1	-	3	1	5	1	2	3	8
Travel	-	3	1	4	1	9	3	4	7	16
Salary and payroll taxes	3,038	16,248	4,154	24,327	9,116	56,883	21,460	29,679	51,139	108,022
Volunteer recognition	6	36	9	54	18	123	38	55	93	216
Total expenses	\$ 21,835	\$ 37,984	\$ 6,165	\$ 58,542	\$ 15,939	\$ 140,465	\$ 32,341	\$ 42,065	\$ 74,406	\$ 214,871

See notes to financial statements.

OUR DAILY BREAD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities:	
Change in net assets	\$ 3,456
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	2,788
(Increase) decrease in:	
Receivable	(8,771)
Prepaid expenses	1,260
Increase (decrease) in:	
Accrued expenses	<u>3,601</u>
Net cash provided by operating activities	<u>2,334</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(850)</u>
Net cash used by investing activities	<u>(850)</u>
Net increase in cash	1,484
Cash at beginning of year	<u>30,764</u>
Cash at end of year	<u>\$ 32,248</u>

See notes to financial statements.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

1. Nature of activities and summary of significant accounting policies:

Nature of activities:

The Organization is incorporated as a non-stock corporation under the laws of the state of Virginia. It is qualified as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code, and as such, is not liable for federal income tax. The function of the Organization is to interact and cooperate with governmental agencies and other charitable organizations to provide services to and advocacy for the working poor and other needy people in Fairfax County, Virginia. To accomplish its mission, the organization operates the following programs with the help of volunteers:

- Financial assistance – the Organization enlists and coordinates volunteers to evaluate requests from referring governmental agencies for emergency family assistance grants. These grants are generally one-time cash grants to fund one-time emergency situations. The Organization primarily uses donor contributions to fund the family assistance grants. The Organization provides family assistance grants to pay rent, utilities, medical and other emergency expenses.
- Food – the Organization coordinates a weekly food program by finding and matching a group of volunteers to a list of clients referred by governmental agencies. The volunteers typically pay for the groceries and deliver the groceries directly to the clients. These donations are not reflected in the financial statements of the Organization, as the donated goods are provided directly to the clients by the volunteers. During the year ended December 31, 2006, the Organization coordinated the delivery of food to approximately 30 families, on average, each week.
- Mentoring – the Organization operates an adult mentoring program where volunteers work one on one with several clients who are in need of guidance regarding family relationships, financial stability, or general life skills. The staff of the Organization provides training, structure, supervision and constant support to the mentoring volunteers.
- Special projects – the Organization works with volunteers to provide school supplies and holiday meal and gift baskets to clients referred by governmental agencies. During the year ended December 31, 2006, the Organization joined with a local company to provide back to school backpacks and school supplies. During the year ended December 31, 2006, the Organization assisted 86 students with school supplies. The Organization also joined with Fairfax County agencies, community based organizations, faith communities, area businesses and individual families to provide Thanksgiving meals and holiday meals and gifts to families in need. In 2006 over 1800 families were helped through this program. The value of donated school supplies, holiday gifts, and meals that were provided directly from area businesses and volunteers to the clients are not reflected in the financial statement of the Organization.

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

1. Nature of activities and summary of significant accounting policies (continued):

Financial statement presentation:

The accompanying financial statements of Our Daily Bread, Inc. have been prepared on the accrual basis of accounting. The organization prepares its financial statement in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made" and No. 117, "Financial Statements of Not-For Profit Organizations." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. SFAS No. 116 also requires recognition of contributed services meeting certain criteria at fair values.

Use of 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. Accordingly, actual results could differ from those estimates.

Cash:

For purposes of reporting cash flows, cash consists of demand deposits held by banks.

Equipment:

Equipment consists of computers, monitors, a printer, and a phone system that were donated, plus a copier, computer and monitor that were purchased. Equipment is stated at cost or value at time of donation, and is being depreciated using the straight-line and accelerated depreciation methods over their estimated useful lives.

Equipment	\$ 9,325
Less accumulated depreciation	<u>(5,600)</u>
	<u>\$ 3,725</u>

Depreciation expense for the year ended December 31, 2006 was \$2,788.

2. Functional allocation of expenses:

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

OUR DAILY BREAD, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

3. Income taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal or state income taxes in the accompanying financial statements.

4. Economic dependence:

During the year ended December 31, 2006, 46% of donations received came from Fairfax County in the form of Grants.