

**GABRIEL PROJECT, INC**  
**d/b/a THE GABRIEL NETWORK**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended June 30, 2015**

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**REGAN, GRACE & KERLEY, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**REGAN, GRACE & KERLEY, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Gabriel Project, Inc.

We have audited the accompanying financial statements of Gabriel Project Inc. d/b/a The Gabriel Network (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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**

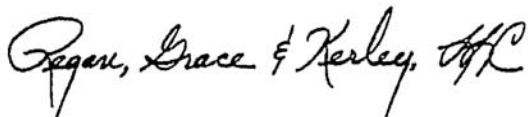
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Gabriel Project Inc. d/b/a The Gabriel Network as of June 30, 2015, 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.



March Twenty-third  
Two Thousand and Sixteen

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
STATEMENT OF FINANCIAL POSITION  
June 30, 2015

ASSETS

CURRENT ASSETS	
Cash	\$ 12,485
Prepaid expenses	5,963
Other current assets	-
Total current assets	<u>18,448</u>
PROPERTY AND EQUIPMENT, net	623,467
OTHER ASSETS	
Security Deposits	<u>2,698</u>
Total other assets	<u>2,698</u>
Total assets	<u><u>\$ 644,613</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	19,837
Note payable, current portion	6,827
Line of credit	-
Total current liabilities	<u>26,664</u>
LONG-TERM LIABILITIES	
Note payable, net of current portion	<u>328,018</u>
Total long-term liabilities	328,018
Total Liabilities	354,682
NET ASSETS	
Unrestricted	276,411
Temporarily Restricted	<u>13,520</u>
Total net assets	<u>289,931</u>
Total liabilities and net assets	<u><u>\$ 644,613</u></u>

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 338,128	\$ 5,465	\$ 343,593
Special event revenue, net of expenses	65,363	-	65,363
In-kind contributions	5,874	-	5,874
Other income	618	-	618
Gain on disposal of asset	-	-	-
Net assets released from restrictions:			
Satisfaction of program restrictions	1,685	(1,685)	-
	<u>411,668</u>	<u>3,780</u>	<u>415,448</u>
<b>Total support and revenue</b>			
<b>EXPENSES</b>			
Program services	252,796		252,796
Supporting services:			
Management and general	59,900	-	59,900
Fundraising	70,096	-	70,096
Total supporting services	<u>129,996</u>	<u>-</u>	<u>129,996</u>
	<u>382,792</u>	<u>-</u>	<u>382,792</u>
<b>Total expenses</b>			
<b>CHANGE IN NET ASSETS</b>	28,876	3,780	32,656
<b>NET ASSETS, Beginning of year</b>	<u>247,535</u>	<u>9,740</u>	<u>257,275</u>
<b>NET ASSETS, End of year</b>	<u>\$ 276,411</u>	<u>\$ 13,520</u>	<u>\$ 289,931</u>

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 112,413	\$ 27,047	\$ 41,588	\$ 181,048
Payroll Taxes	9,196	1,888	3,385	14,469
	<u>121,609</u>	<u>28,935</u>	<u>44,973</u>	<u>195,517</u>
Direct client assistance	4,185	-	-	4,185
Occupancy	63,952	2,990	975	67,917
Accounting	-	12,370	-	12,370
Professional fees	450	720	-	1,170
Marketing	835	936	958	2,729
Office expenses	1,455	1,921	635	4,011
Telephone and internet	9,844	707	-	10,551
Bank fees	-	1,897	2,279	4,176
Information technology	4,327	2,330	-	6,657
Interest	20,177	2,003	-	22,180
Depreciation	12,536	2,065	-	14,601
Insurance	11,324	2,626	-	13,950
Appeals and publications	2,102	400	20,276	22,778
	<u>\$ 252,796</u>	<u>\$ 59,900</u>	<u>\$ 70,096</u>	<u>\$ 382,792</u>

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2015

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 32,656
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	14,601
Changes in operating assets and liabilities:	
Decrease in prepaid expenses	620
Decrease in other current assets	236
(Decrease) in accounts payable and accrued expenses	<u>(3,070)</u>
Net cash provided by operating activities	<u>45,043</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on notes payable	(6,986)
Net (repayments) line of credit	<u>(33,092)</u>
Net cash (used in) financing activities	<u>(40,078)</u>
Net increase in cash	4,965
Cash and equivalents - beginning of year	<u>7,520</u>
Cash and equivalents - end of year	<u><u>\$ 12,485</u></u>
 <b>Supplemental cash flow information</b>	
Interest paid	<u><u>\$ 22,180</u></u>

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015

NOTE 1. NATURE OF ORGANIZATION

The Gabriel Project, Inc., d/b/a The Gabriel Network (the Organization) is a grassroots, faith-based non-profit organization that provides practical, emotional and spiritual assistance to women and families facing crisis pregnancies. The Organization works to build and maintain a network of churches, individuals, businesses, agencies, donors, organizations and professional personnel. Through this network, they provide for the basic needs of pregnant women facing poverty and homelessness, empowering them to embrace motherhood and choose life. The Organization operates in Maryland and the Greater Washington, D.C. area. It is primarily supported by contributions and grants.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Revenues are recognized when earned rather than received, and expenses are recognized when incurred rather than paid.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets – Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets – Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – Permanently restricted net assets result from contributions whose use is limited indefinitely by donor-imposed stipulations. Although the principle may not be used, income earned from these permanently restricted assets may be used based on donor-imposed stipulations.

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.



GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost, and depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to forty years. The Organization capitalizes all purchases of \$500 or more with an estimated useful life of greater than one year.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized at their fair value when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

When a restriction expires (that is, 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. Contributions with donor-imposed restrictions that are met in the same reporting period are recorded as unrestricted contributions.

Contributions restricted for acquisition of property and equipment (or less commonly, the contribution of those assets directly) are initially recognized as temporarily restricted revenue. Unless the donor provides more specific directions about the period of the asset's use, the restrictions on those contributions expire when the purpose has been accomplished, at which time the net assets are reclassified to unrestricted net assets on the statement of activities.

The Organization receives contributions through third-party fundraising organizations (indirect support). The realizable value of indirect support in the form of promises to give is not considered reasonably determinable. Therefore, indirect support is recognized in the period that notification of payment is received.

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value, which approximates fair value. Unconditional promises to give that are expected to be collected beyond one year are measured at fair value using the present value of future collections.

Uncollectible amounts are written off as bad debt expense once management determines an account, or a portion thereof, to be uncollectible. Therefore, no allowance for uncollectible accounts has been recorded in the financial statements.

Contributed Materials and Services

The Organization receives various types of contributions in-kind. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of materials or property and equipment are recognized at fair value when received. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in either expenses or additions to property and equipment.

For the year ended June 30, 2015, the Organization recognized \$1,061 of contributions in-kind for donated materials, and \$4,813 of contributions in-kind for donated professional services.

In addition, the Organization receives a significant amount of donated services from individuals who volunteer their time to assist with program and support services. These are not reflected in the financial statements because these services do not meet the criteria for recognition under generally accepted accounting principles.

Functional Expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among program services, management and general, and fundraising activities.

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Organization is a tax exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and therefore is exempt from income taxes on earnings received for exempt purposes.

The most significant tax position of the Organization is its assertion that it is exempt from income taxes. Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined the Organization had no activities subject to UBIT in the year ended June 30, 2015.

The Organization's tax returns for 2011 through 2014 are subject to examination by the Internal Revenue Service and the state of Maryland.

Subsequent Events

The Organization has evaluated subsequent events through March 23, 2016, the date on which the financial statements were available to be issued.

NOTE 3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash equivalents. These financial instruments may subject the Organization to concentrations of credit risk, as, from time to time, balances may exceed amounts insured by the Federal Deposit Insurance Corporation. There were no uninsured deposits at June 30, 2015.

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015:

Land	299,192
Buildings and improvements	404,028
Furniture and equipment	29,537
Motor vehicles	-
Leasehold improvements	50,418
	<u>783,175</u>
Accumulated depreciation	(159,708)
	<u><u>\$ 623,467</u></u>

Depreciation expense for the year ended June 30, 2015 was \$14,601.

NOTE 5. LEASE COMMITMENTS

During the year ended June 30, 2015, the Organization leased office space in Crofton, Maryland under an operating lease with a term that expired in October 2014, and which required monthly lease payments of \$1,600. Pursuant to the lease agreement, The Organization has continued to occupy this office space on a month-to-month basis under the same terms and conditions. On May 26, 2015, the Organization renewed its lease for the same office space under a new operating lease, which will expire in May 2016. This lease requires monthly payments of \$1,900, and provides for the option to lease on a month-to-month basis for up to twelve months after the lease expires, under the same terms and conditions. The Organization also currently leases a home in Ellicott City, Maryland as part of its program services, under an operating lease agreement expiring May 2016. This lease requires monthly payments of \$2,000 over the term of the lease. None of the leases include rental payment escalations.

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015

NOTE 5. LEASE COMMITMENTS (continued)

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>		
2016	\$	42,900
2017		-
2018		-
2019		-
2020		-
Thereafter		-
	<u>\$</u>	<u>42,900</u>

Rent expense for the year ended June 30, 2015 was \$43,500.

NOTE 6. LINES OF CREDIT

The Organization has two lines of credit with separate financial institutions.

The Organization has available a \$100,000 line of credit with one bank, secured by real estate property. Amounts borrowed on this line of credit bear interest based on the Prime Rate plus 1.5 percent. At June 30, 2015, the Prime Rate was 3.25 percent, and there was no outstanding balance on this line of credit.

The Organization also has available a \$50,000 line of credit with another bank, secured by all cash or other property in the bank's possession. Amounts borrowed on this line of credit bear interest based on Prime Rate plus 1.5 percent. At June 30, 2015 the Prime Rate was 3.25 percent, and there was no outstanding balance on this line of credit.

GABRIEL PROJECT, INC  
d/b/a THE GABRIEL NETWORK  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015

NOTE 7. NOTE PAYABLE

Note payable consisted of the following at June 30, 2015:

Mortgage payable to individual, monthly installments of \$2,089, including interest at 5.5%, with a balloon payment due September 2019. The loan is secured by organization land and building.	\$ 334,845
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Future minimum principal payments are as follows:

Year Ending June 30,	
2016	\$ 6,827
2017	7,213
2018	7,619
2019	8,049
2020	305,137
Thereafter	-
	\$ 334,845

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

Sparling Scholarship Fund	\$ 12,555
Other Restrictions	965
	\$ 13,520