



Shepherds, Inc.

Financial Statements with Independent Auditor's Report

For the Years Ended June 30, 2021 and 2020

Shepherds, Inc.
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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Shepherds, Inc.

We have audited the accompanying financial statements of Shepherd's, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shepherds, Inc. as of June 30, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shepherds, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shepherds, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Shepherds, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shepherds, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Shepherd's Inc June 30,2020 financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated November 16, 2020.

Nanavaty, Davenport, Studley & White, LLP

November 5, 2021

Sheperd's Inc.

Statements of Financial Position

At June 30,

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 390,895	\$ 298,093
Investments	55,780	131,147
Promises to give	22,000	34,500
Total Assets	<u>\$ 468,675</u>	<u>\$ 463,740</u>
Liabilities and Net Assets		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 14,952	\$ 13,370
Note payable	42,174	41,017
Total Liabilities	<u>57,126</u>	<u>54,387</u>
<u>Net Assets</u>		
Without donor restrictions	302,129	323,954
With donor restrictions	109,420	85,399
Total Net Assets	<u>411,549</u>	<u>409,353</u>
Total Liabilities and Net Assets	<u>\$ 468,675</u>	<u>\$ 463,740</u>

The accompanying notes are an integral part of these financial statements.

Shepherds, Inc.

Statements of Activities

For the Year Ended June 30, 2021

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions - sponsors	\$ 147,676	\$ 44,000	\$ 191,676
Contributions - foundations	74,629	21	74,650
Contributions - corporate	9,395		9,395
Contributions - other	294,917		294,917
Investment return, net	2,431		2,431
Other income - Loan forgiveness	41,261		41,261
Net assets released from restrictions	20,000	(20,000)	-
Total Support and Revenues	<u>590,309</u>	<u>24,021</u>	<u>614,330</u>
Expenses			
Program services	501,641		501,641
Management and general	45,788		45,788
Fundraising	64,705		64,705
Total Expenses	<u>612,134</u>	<u>-</u>	<u>612,134</u>
Change in Net Assets	(21,825)	24,021	2,196
Net Assets, beginning of year	323,954	85,399	409,353
Net Assets, end of year	<u>\$ 302,129</u>	<u>\$ 109,420</u>	<u>\$ 411,549</u>

The accompanying notes are an integral part of these financial statements.

Shepherds, INC.

Statement of Activities

For the Year Ended June 30, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions - sponsors	\$ 167,403	\$ 10,000	\$ 177,403
Contributions - foundations	99,413		99,413
Contributions - corporate	4,500		4,500
Contributions - other	176,133		176,133
Program fees	15,090		15,090
Investment return, net	8,924	374	9,298
Net assets released from restrictions	56,000	(56,000)	-
Total Support and Revenues	<u>527,463</u>	<u>(45,626)</u>	<u>481,837</u>
Expenses			
Program services	519,994		519,994
Management and general	69,724		69,724
Fundraising	57,146		57,146
Total Expenses	<u>646,864</u>	<u>-</u>	<u>646,864</u>
Change in Net Assets	(119,401)	(45,626)	(165,027)
Net Assets, beginning of year	443,355	131,025	574,380
Net Assets, end of year	<u>\$ 323,954</u>	<u>\$ 85,399</u>	<u>\$ 409,353</u>

The accompanying notes are an integral part of these financial statements.

Shepherds, Inc.

Statement of Cash Flows

For the Years Ended June 30,

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,196	\$ (165,027)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Unrealized gain on investments	(1,813)	(8,923)
Changes in operating assets and liabilities:		
Promises to give	12,500	79,250
Accounts payable and accrued liabilities	1,582	1,176
Net cash provided by (used in) operating activities	14,465	(93,524)
 Cash flows from investing activities:		
Sale of investments, net	77,180	189,570
Net cash provided by investing activities	77,180	189,570
 Cash flows from financing activities:		
Foregiveness of PPP loan	(41,017)	-
Proceeds from PPP loan	42,174	41,017
Net cash provided by financing activities	1,157	41,017
 Net increase in cash and cash equivalents	92,802	137,063
 Cash and cash equivalents beginning of year	298,093	161,030
Cash and cash equivalents end of year	\$ 390,895	\$ 298,093

The accompanying notes are an integral part of these financial statements.

Shepherds, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 139,414	\$ 14,522	\$ 39,695	\$ 193,631
Employee benefits and taxes	14,471	1,507	4,121	20,099
Payroll and related expenses	<u>153,885</u>	<u>16,029</u>	<u>43,816</u>	<u>213,730</u>
Tuition payments	252,843	-	-	252,843
College preparation and organizational workshop services	- 22,550	- -	- -	 22,550
Professional fees	-	20,301	12,471	32,772
Program recruitment and training	53,578	268	-	53,846
Student services	2,928	-	35	2,963
Insurance	2,472	7,416	-	9,888
Occupancy	2,880	360	360	3,600
Office expense and other	10,505	1,414	8,023	19,942
	<u>\$ 501,641</u>	<u>\$ 45,788</u>	<u>\$ 64,705</u>	<u>\$ 612,134</u>

The accompanying notes are an integral part of these financial statements.

Shepherds, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 145,322	\$ 15,138	\$ 41,377	\$ 201,837
Employee benefits and taxes	17,467	1,820	4,973	24,260
Payroll and related expenses	<u>162,789</u>	<u>16,958</u>	<u>46,350</u>	<u>226,097</u>
Tuition payments	279,000	-	-	279,000
College preparation and organizational workshop services	27,134	-	-	27,134
Professional fees	-	21,487	5,845	27,332
Program recruitment and training	25,119	819	1,365	27,303
Student services	9,173	-	-	9,173
Insurance	2,532	7,595	-	10,127
Bad debt expense	-	21,250	-	21,250
Occupancy	2,880	360	360	3,600
Office expense and other	11,367	1,255	3,226	15,848
	<u>\$ 519,994</u>	<u>\$ 69,724</u>	<u>\$ 57,146</u>	<u>\$ 646,864</u>

The accompanying notes are an integral part of these financial statements.

Shepherds, Inc.

Notes to the Financial Statements

Note 1 – Organization

Shepherds, Inc. (“Shepherds” or the “Organization”) is a Connecticut corporation that was founded in September 1998 and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Shepherds affords at-risk, inner-city Connecticut youth the opportunity to receive a quality college preparatory education at a non-public high school. Shepherds recruits sponsors who make a four-year commitment to pay part or all of a student’s tuition and mentors who work one-on-one with a student providing direction and support.

During 2021, Shepherds, Inc. provided financial support for 64 students enrolled in the program across two partnership high schools: Kolbe Cathedral in Bridgeport and Notre Dame of West Haven. Seventeen students graduated from their respective high schools during the year ended June 30, 2021.

Shepherds management’s intent is to administer its programs in a prudent and fiscally responsible manner. To this end, management has negotiated tuition commitments with the partnership schools and will strive to meet those commitments while being mindful of the fiscal needs of the Organization.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Presentation – Shepherds prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of Shepherds are reported in the following net asset categories:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restriction - net assets subject to the following donor-imposed stipulations: Some donor restrictions are temporary in nature or satisfied by the passage of time that either expire with the passage of time or can be fulfilled by the actions of Shepherds Inc. pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to without donor-restricted net assets. However, when restrictions on donor-restricted contributions are met in the same accounting period, such amounts are reported as part of net assets without donor restriction.

Notes to the Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition – Shepherds recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give -that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend are met.

Shepherds has adopted Accounting Standards Update (ASU) No. 2018-08 *Not -for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made (Topic 605)* as management believed the standard improved the usefulness and understandability of Shepherds financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Shepherds recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Contributions - In accordance with financial accounting standards, Shepherds, Inc. records contributions received as without donor restrictions or with donor restrictions depending on the existence and or nature of any donor restrictions. Restricted net assets are reclassified to net assets without donor restrictions upon the satisfaction of the time or purpose restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor, grantor or other outside party for particular operating purposes or for fixed asset acquisitions is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Non-cash Contributions: Shepherds receives a substantial amount of volunteer services in carrying out its programs and activities. Volunteers serve as mentors to students in the program providing guidance and support through the students' four years of high school. However, no amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. Contributed services are not recognized unless the donated services create or enhance non- financial assets or require specialized skills that would typically be purchased if not donated. In-kind contributions are measured at the fair value of the asset transferred to Shepherds or the liability cancelled or settled. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

Promises to Give

Shepherds carries promises to give at net realizable value and uses the specific write-off method for doubtful accounts. Experience and management's estimation indicate an allowance for such accounts is immaterial. On a periodic basis, Shepherds, Inc. evaluates its promises to give and whether the balances are collectible.

Notes to the Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition - Investments in equity securities with readily determinable values and all investments in debt securities are reported at fair value with gains and losses included in the Statement of Activities. Realized gains and losses on sales of investments are computed using the specific identification method.

These investment securities and vehicles are exposed to numerous risks, including but not limited to interest rate fluctuation, market volatility and credit risks. Due to the level of risk associated with certain investments, changes in value of the investment portfolio could occur, which would materially affect the financial statements and future financial positions.

Uses of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Shepherds regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Uncertainties – Shepherds operations may be affected by the recent and ongoing outbreak of the corona virus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The majority of Shepherd’s donors are located in the greater Fairfield County area, where many have been impacted by the financial hardship due to COVID -19. The ultimate disruption which may be caused by the outbreak is uncertain; however it may result in a material adverse impact on Shepherds, Inc. financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to Shepherds, Inc.’s ability to provide educational opportunities and its ability to fundraise. Due to this uncertainty, the accompanying financial statements include no adjustments relating to the effect of this pandemic.

Subsequent Events - Management has evaluated subsequent events through November 5, 2021, which is the date the financial statements were available to be issued. There were no subsequent events that require disclosure.

Cash and Cash Equivalents

Shepherds considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Notes to the Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes

Shepherds is a nonprofit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Shepherds recognizes the benefits of income tax positions only if those positions are more likely than not of being sustained. Shepherds is subject to routine audits by the Internal Revenue Service. Shepherd's 2018 through 2020 tax years remain open for examination by federal, state or local authorities.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and change in net assets.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, employee benefits and payroll taxes, which are based on time and effort within each functional area. Professional fees, program development and insurance are based on expenses tracked by account across functions.

Note 3 - Investments

Fair Value Measurements - The Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Notes to the Financial Statements

Note 3 - Investments (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position or in the near future, which the Organization has determined to be within 90 days.

Level 3 - Investments that have little to no pricing observability as of the report date. These investments are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by Shepherds, Inc. Shepherds, Inc. considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Shepherds, Inc. perceived risk of that instrument.

Shepherds policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

Shepherds values its investments using Level 1 inputs. Shepherds, Inc. reports investment income and gains and losses as increases or decreases in net assets without donor restrictions in the statements of activities and change in net assets unless a donor or law restricts their use. Investments are managed in accordance with a board-approved investment and spending policy.

Note 4 – Liquidity and Availability of Resources

Shepherds regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. Shepherds has various sources of liquidity at its disposal, including cash and cash equivalents, and accounts receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Shepherds considers all expenditures related to its ongoing activities as well as services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, Shepherds anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The restricted resources on hand at year end will be used in the subsequent year for specific operating expenditures of the Shepherds.

Shepherds, Inc.

Notes to the Financial Statements

Note 4 – Liquidity and Availability of Resources (continued)

As of June 30, Shepherd’s financial assets were as follows:

	2021	2020
Cash and cash equivalents	\$ 390,895	\$ 298,093
Investments	55,780	131,147
Short-term promises to give	22,000	34,500
Financial assets at year end	468,675	463,741
Less: amounts with limits on usage		
Spendable net assets with donor restrictions	109,420	85,759
Total financial assets available for general use within one year	\$ 359,255	\$ 377,982

Note 5 – Investments

At June 30, 2021, Level 1 assets comprised approximately 100% of Shepherds, Inc. total investment portfolio fair value.

	Fair Value	Level 1
Community Foundation of Greater New Haven (pooled fund)	\$ 55,780	\$ 55,780
Total	\$ 55,780	\$ 55,780

At June 30, 2020, Level 1 assets comprised approximately 43% of Shepherds, Inc. total investment portfolio fair value.

	Fair Value	Level 1
Community Foundation of Greater New Haven (pooled fund)	\$ 55,759	\$ 55,759
Corporate and Government Bonds	75,388	75,388
Total	\$ 131,147	\$ 131,147

Shepherds, Inc.

Notes to the Financial Statements

Note 5 – Investments (continued)

The following table presents a reconciliation of all Level 1 pooled fund assets measured at fair value for the years ended June 30:

	2021	2020
Beginning balance July 1	\$ 55,759	\$ 60,385
Investment earnings	272	646
Disbursements	-	(5,000)
Management fees and other	(251)	(272)
Ending balance June 30	\$ 55,780	\$ 55,759

The components of investment return for the years ended June 30 are summarized as follows:

	2021	2020
Interest and dividend income	\$ 619	\$ 375
Net realized and unrealized gains	1,812	8,923
Investment Return	\$ 2,431	\$ 9,298

The Shepherds Fund was established in honor of Shepherds' tenth anniversary. The original \$100,000 donation is restricted for future Kolbe Cathedral High School student support. The funds are held at the Community Foundation of Greater New Haven. Under the agreement with the Community Foundation, Shepherds can withdraw from the fund with 30 to 60 days' notice.

Note 6 – Promises to Give

	2021	2020
Promises to give, due within one year	\$ 15,000	\$ 27,500
Promises to give, due between one and five years	7,000	7,000
Promises to Give	\$ 22,000	\$ 34,500

Shepherds, Inc.

Notes to the Financial Statements

Note 7 – Net Assets

Net Assets with Donor Restrictions: Amounts with donor restrictions at June 30, 2021 and June 30, 2020 were restricted for various program costs and subsequent year's tuition. Net assets with donor restrictions were released for scholarships.

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions		
Funds available for current operations	\$ 302,129	\$ 323,954
With Donor Restrictions		
Scholarships	<u>109,420</u>	<u>85,399</u>
Total net assets	<u>\$ 411,549</u>	<u>\$ 409,353</u>

Net assets released from restrictions and disbursed during the years ended June 30, were:

	<u>2021</u>	<u>2020</u>
Scholarships	<u>\$ 20,000</u>	<u>\$ 56,000</u>

Note 8 – Notes Payable

Paycheck Protection Program Loan

On April 22, 2020, Shepherds, Inc. qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$41,017 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. This loan was forgiven in February 2021.

Shepherds Inc. received a second PPP loan in March 2021 in the amount of \$42,174. Shepherds has begun the process for applying for forgiveness of this loan, and it is anticipated to be forgiven by December 31, 2021.

The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses and expects to qualify for full forgiveness.

Shepherds, Inc.

Notes to the Financial Statements

Note 10 – Concentrations and Contingencies

The Organization maintains its cash and cash equivalents in bank deposit accounts at a high-credit, quality financial institution. The balances in cash accounts may at times exceed federally insured limits.

Shepherds currently rents office space on a month-to-month basis for \$300 a month. Rent expense was \$3,600 for the year ended June 30, 2021 and 2020.