



Shepherds, Inc.

Financial Statements with Independent Auditor's Report

For the Years Ended June 30, 2023 and 2022

Shepherds, Inc.
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Independent Auditor's Report

To the Board of Directors of
Shepherds, Inc.

Opinion

We have audited the accompanying financial statements of Shepherds, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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. 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.

Nanavaty, Davenport, Studley & White, LLP

September 20, 2022

Independent Auditor's Report

To the Board of Directors of
Shepherds, Inc.

Opinion

We have audited the accompanying financial statements of Shepherds, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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. 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 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:

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- 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. 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. 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.

Nanavaty, Davenport, Studley & White, LLP

September 29, 2023

Shepherds Inc.

Statements of Financial Position

At June 30,

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 516,678	\$ 459,624
Investments	41,415	45,589
Promises to give	6,000	11,000
Prepaid Expenses	<u>34,564</u>	<u>3,000</u>
Total Assets	<u><u>\$ 598,657</u></u>	<u><u>\$ 519,213</u></u>
Liabilities and Net Assets		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 16,256	\$ 6,191
Deferred revenue	98,025	-
Total Liabilities	<u>114,281</u>	<u>6,191</u>
<u>Net Assets</u>		
Without donor restrictions	352,961	433,602
With donor restrictions	131,415	79,420
Total Net Assets	<u>484,376</u>	<u>513,022</u>
Total Liabilities and Net Assets	<u><u>\$ 598,657</u></u>	<u><u>\$ 519,213</u></u>

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

Shepherds, Inc.

Statements of Activities

For the Year Ended June 30, 2023

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions - sponsors	\$ 138,554	\$ -	\$ 138,554
Contributions - foundations	158,136	90,000	248,136
Contributions - corporate	6,110	-	6,110
Contributions - other	223,975	-	223,975
Investment return, net	9,900	1,031	10,931
Paycheck Protection Program grant	401	-	401
Net assets released from restrictions	39,036	(39,036)	-
Total Support and Revenues	<u>576,112</u>	<u>51,995</u>	<u>628,107</u>
Expenses			
Program services	556,803	-	556,803
Management and general	36,550	-	36,550
Fundraising	63,400	-	63,400
Total Expenses	<u>656,753</u>	<u>-</u>	<u>656,753</u>
Change in Net Assets	(80,641)	51,995	(28,646)
Net Assets, beginning of year	433,602	79,420	513,022
Net Assets, end of year	<u><u>\$ 352,961</u></u>	<u><u>\$ 131,415</u></u>	<u><u>\$ 484,376</u></u>

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

Shepherds, Inc.

Statement of Activities

For the Year Ended June 30, 2022

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions - sponsors	\$ 103,211	\$ 29,000	\$ 132,211
Contributions - foundations	238,611	-	238,611
Contributions - corporate	2,660	-	2,660
Contributions - other	257,478	-	257,478
Program fees	1,834	-	1,834
Investment return, net	1,170	-	1,170
Paycheck Protection Program grant	42,174	-	42,174
Net assets released from restrictions	59,000	(59,000)	-
Total Support and Revenues	<u>706,138</u>	<u>(30,000)</u>	<u>676,138</u>
Expenses			
Program services	487,481	-	487,481
Management and general	34,793	-	34,793
Fundraising	52,391	-	52,391
Total Expenses	<u>574,665</u>	<u>-</u>	<u>574,665</u>
Change in Net Assets	131,473	(30,000)	101,473
Net Assets, beginning of year	302,129	109,420	411,549
Net Assets, end of year	<u>\$ 433,602</u>	<u>\$ 79,420</u>	<u>\$ 513,022</u>

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

Shepherds, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 167,011	\$ 11,285	\$ 47,395	\$ 225,691
Employee benefits and taxes	15,679	1,059	4,449	21,187
Payroll and related expenses	182,690	12,344	51,844	246,878
Tuition payments	257,592	-	-	257,592
Workshop services	39,913	-	-	39,913
Professional fees	17,032	10,901	6,132	34,065
Program recruitment and training	35,166	355	-	35,521
Student services	5,190	-	-	5,190
Insurance	-	9,965	-	9,965
Occupancy	4,360	545	545	5,450
Office expense and other	14,860	2,440	4,879	22,179
	<u>\$ 556,803</u>	<u>\$ 36,550</u>	<u>\$ 63,400</u>	<u>\$ 656,753</u>

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

Shepherds, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 133,907	\$ 9,048	\$ 38,001	\$ 180,956
Employee benefits and taxes	11,179	755	3,172	15,106
Payroll and related expenses	145,086	9,803	41,173	196,062
Tuition payments	242,345	-	-	242,345
Workshop services	25,253	-	-	25,253
Professional fees	19,562	12,619	7,173	39,354
Program recruitment and training	34,867	619	-	35,486
Student services	6,842	-	-	6,842
Insurance	-	9,635	-	9,635
Occupancy	2,880	360	360	3,600
Office expense and other	10,646	1,757	3,685	16,088
	<u>\$ 487,481</u>	<u>\$ 34,793</u>	<u>\$ 52,391</u>	<u>\$ 574,665</u>

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

Shepherds, Inc.

Statements of Cash Flows

For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (28,646)	\$ 101,473
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(4,262)	(902)
In-kind donation of securities	(46,171)	(45,767)
Paycheck Protection Program grant	-	(42,174)
Changes in operating assets and liabilities:		
Decrease in Promises to give	5,000	11,000
Increase in prepaid expenses	(31,564)	(3,000)
Increase in deferred revenue	98,025	-
Increase (decrease) in accounts payable and accrued liabilities	10,065	(8,761)
Net cash provided by operating activities	<u>2,447</u>	<u>11,869</u>
 Cash flows from investing activities:		
Sale of investments, net	<u>54,607</u>	<u>56,860</u>
Net cash provided by investing activities	<u>54,607</u>	<u>56,860</u>
Net increase in cash and cash equivalents	57,054	68,729
 Cash and cash equivalents beginning of year	<u>459,624</u>	<u>390,895</u>
Cash and cash equivalents end of year	<u><u>\$ 516,678</u></u>	<u><u>\$ 459,624</u></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 2023, Shepherds, Inc. provided financial support for 59 students enrolled in the program across two partnership high schools: Kolbe Cathedral High School in Bridgeport and Notre Dame High School of West Haven. Fourteen students graduated from their respective high schools during the year ended June 30, 2023.

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 with donor restrictions are 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 pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified net assets without donor restrictions. 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 (continued)

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. Amounts received prior to incurring qualifying expenditures are reported as a deferred revenue in the statement of financial position.

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, evaluates its promises to give and whether the balances are collectible.

Investments - 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. See note 3 for a discussion of fair value measurements.

Notes to the Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Subsequent Events - Management has evaluated subsequent events through September 29, 2023, 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.

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 2019 through 2021 tax years remain open for examination by federal, state or local authorities.

Functional Expenses - The statements of functional expenses 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 - Fair Value Measurements and 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.

Notes to the Financial Statements (continued)

Note 3 – Fair Value Measurements and Investments (continued)

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 - Valuation is based on quoted prices are available in active markets for identical assets or liabilities as of the report date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets and liabilities.

Level 2 - Valuation is based on pricing inputs 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 dear, which the Organization has determined to be within 90 days.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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. Shepherds 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 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 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

Shepherds, Inc.

Notes to the Financial Statements (continued)

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 Shepherds.

Note 4 – Liquidity and Availability of Resources (continued)

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 516,678	\$ 459,624
Investments	41,415	45,589
Short-term promises to give	6,000	11,000
Financial assets at year end	\$ 564,093	\$ 516,213
Less: amounts with limits on usage		
Spendable net assets with donor restrictions	131,415	79,420
Total financial assets available for general use within one year	<u>\$ 432,678</u>	<u>\$ 436,793</u>

Note 5 – Investments

At June 30, , Level 1 assets were comprised of the following at portfolio fair value.

	<u>2023</u> <u>Fair Value</u>	<u>2022</u> <u>Fair Value</u>
Community Foundation of Greater New Haven (pooled fund)	\$ 41,415	\$ 45,589
Total	<u>\$ 41,415</u>	<u>\$ 45,589</u>

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

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 6,669	\$ 268
Net realized and unrealized gains	4,262	902
Investment Return	<u>\$ 10,931</u>	<u>\$ 1,170</u>

Shepherds, Inc.

Notes to the Financial Statements (continued)

Note 5 - Investments (continued)

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

	<u>2023</u>	<u>2022</u>
Promises to give, due within one year	\$ 6,000	\$ 4,000
Promises to give, due between one and two years	<u>-</u>	<u>7,000</u>
Total Promises to Give	<u>\$ 6,000</u>	<u>\$ 11,000</u>

Note 7 – Net Assets

Net Assets with Donor Restrictions: Amounts with donor restrictions at June 30, 2022 and June 30, 2021 were restricted for various program costs and subsequent year's tuition. Net assets with donor restrictions were released for scholarships.

	<u>2023</u>	<u>2022</u>
Without Donor Restrictions		
Funds available for current operations	\$ 352,961	\$ 433,602
With Donor Restrictions		
Scholarships	<u>131,415</u>	<u>79,420</u>
Total net assets	<u>\$ 484,376</u>	<u>\$ 513,022</u>

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

	<u>2022</u>	<u>2021</u>
Scholarships	<u>\$ 59,000</u>	<u>\$ 20,000</u>

Notes to the Financial Statements (continued)

Note 8 – Notes Payable

Paycheck Protection Program Loan - On April 22, 2020, Shepherds, 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 and grant revenue was recorded in the Statement of Activities at June30, 2021.

Shepherds received a second PPP loan in March 2021 in the amount of \$42,174. This loan was forgiven in November 2021 and grant revenue was recorded in the Statement of Activities at June30, 2022.

Note 9 - Concentrations

Shepherds’ financial instruments that are exposed to a concentration of credit and market risk consist of cash and cash equivalents, and investments. Cash deposits are placed with high credit-quality institutions. Such deposits may exceed federal depository insurance limits at times during the year. However, management believes that these deposits are not subject to significant credit risk. Money market deposits held in brokerage accounts, while not exposed to a concentration of credit risk, are not protected by federal deposit insurance.

Note 10 - Occupancy

Shepherds currently rents office space on a month-to-month basis for \$300 a month for the period July 1, 2022 through May 31, 2023. As of June 1, 2023, Shepherds has temporarily relocated its office and is paying \$1,500 per month until its former office has been renovated. Rent expenses were \$5,450 and \$3,600 for the year ended June 30, 2023 and 2022 respectively. Shepherds temporally relocated its office in 2023 due to renovations.