

THE SHEPHERD'S TABLE, INC.

DECEMBER 31, 2016

and

DECEMBER 31, 2015

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MILLER, ENGEL & TIERNEY LLP

CERTIFIED PUBLIC ACCOUNTANTS

THIS REPORT CONSISTS OF 14 PAGES

CONTENTS

Exhibit Reference	Title	Page
—	Independent Auditor's Report	1
A	Statement of Financial Position as of December 31, 2016 and December 31, 2015	3
B	Statement of Activities for the years ended December 31, 2016 and December 31, 2015	4
C	Statement of Cash Flows for the years ended December 31, 2016 and December 31, 2015	5
D	Statement of Functional Expenses for the years ended December 31, 2016 and December 31, 2015	6
E	Notes to Financial Statements	8

MILLER, ENGEL & TIERNEY LLP

CERTIFIED PUBLIC ACCOUNTANTS

*Suite 610
6110 Executive Boulevard
Rockville, Maryland 20852*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Shepherd's Table, Inc.
Silver Spring, Maryland

We have audited the accompanying financial statements of The Shepherd's Table, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 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 The Shepherd's Table, Inc. as of December 31, 2016 and 2015, 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.

Miller, Engel & Tierney LLP

MILLER, ENGEL & TIERNEY LLP
Rockville, Maryland
August 16, 2017

THE SHEPHERD'S TABLE, INC.
STATEMENT OF FINANCIAL POSITION

	AS OF DECEMBER <u>31, 2016</u>	DECEMBER <u>31, 2015</u>
<u>ASSETS</u>		
Cash in Banks	\$ 513,154	\$ 236,289
Investments — Certificates of Deposit — Note 2	28,862	144,433
— Common Stock and Mutual Funds	631,331	566,175
Contributions Receivable — America's Charities / United Way	1,647	8,256
— Montgomery County	46,856	15,218
— Individuals	51,515	39,950
— Foundations	105,000	—
— State of Maryland	—	7,000
Unconditional Promises to Give — Current	189,925	—
— Long-Term	184,952	—
Interest and Dividends Receivable	876	726
Prepaid Insurance	6,206	5,172
Prepaid — Other	4,482	6,881
Other Receivables	486	1,075
Equipment — Net of Accumulated Depreciation — Note 1	<u>30,790</u>	<u>41,622</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,796,082</u>	<u>\$ 1,072,797</u>
<u>LIABILITIES</u>		
Accrued Expenses	\$ 11,325	\$ 1,969
Accrued Salaries	33,945	20,638
Deferred Revenue	25,000	23,000
Capital Lease Payable — Note 8	<u>1,795</u>	<u>5,084</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 72,065</u>	<u>\$ 50,691</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 1,312,390	\$ 965,244
Temporarily Restricted	<u>411,627</u>	<u>56,862</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 1,724,017</u>	<u>\$ 1,022,106</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,796,082</u>	<u>\$ 1,072,797</u>

The accompanying notes are an integral part of this financial statement.

THE SHEPHERD'S TABLE, INC.
STATEMENT OF ACTIVITIES

	<u>FOR THE YEARS ENDED</u>	
	<u>DECEMBER 31,</u> <u>2016</u>	<u>DECEMBER 31,</u> <u>2015</u>
<u>UNRESTRICTED NET ASSETS</u>		
Support:		
Individual Donors	\$ 401,738	\$ 290,510
Churches and Synagogues	60,953	68,023
Workplace Giving	39,751	55,379
Businesses and Organizations	155,447	73,261
Foundations	438,726	141,475
Interest Income	406	549
Dividend Income	19,113	22,939
Unrealized Appreciation (Depreciation) of Investments	43,228	(24,693)
Gain (Loss) on Sale of Securities	(12,776)	(9,444)
Gain (Loss) on Sale of Fixed Assets	(9,395)	(794)
Other Income and Reimbursed Expenses	2,979	8,332
Contributed Goods and Services — Note 3	<u>916,746</u>	<u>1,096,094</u>
	\$ 2,056,916	\$ 1,721,631
Net Assets Released from Restrictions	<u>243,983</u>	<u>260,510</u>
<u>TOTAL UNRESTRICTED REVENUES AND SUPPORT</u>	<u>\$ 2,300,899</u>	<u>\$ 1,982,141</u>
<u>EXPENSES</u>		
Program Services	\$ 1,473,746	\$ 1,611,793
Supporting Services — Management and General	237,802	226,359
— Fundraising	<u>242,205</u>	<u>194,248</u>
<u>TOTAL EXPENSES</u>	<u>\$ 1,953,753</u>	<u>\$ 2,032,400</u>
<u>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</u>	<u>\$ 347,146</u>	<u>\$ (50,259)</u>
<u>TEMPORARILY RESTRICTED ASSETS</u>		
Contributions — Foundations and Grants	\$ 35,900	\$ 83,594
— Montgomery County	143,235	139,777
— Federal / State Assistance	8,000	7,000
— Businesses	217,618	10,355
— Churches and Synagogues	9,860	12,367
— Individuals	<u>184,135</u>	<u>2,349</u>
	\$ 598,748	\$ 255,442
Net Assets Released from Restrictions —		
Restrictions Satisfied by Payments	<u>(243,983)</u>	<u>(260,510)</u>
<u>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED ASSETS</u>	<u>\$ 354,765</u>	<u>\$ (5,068)</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>\$ 701,911</u>	<u>\$ (55,327)</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>1,022,106</u>	<u>1,077,433</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 1,724,017</u>	<u>\$ 1,022,106</u>

The accompanying notes are an integral part of this financial statement.

THE SHEPHERD'S TABLE, INC.
STATEMENT OF CASH FLOWS

	<u>FOR THE YEARS ENDED</u>	
	<u>DECEMBER 31,</u> <u>2016</u>	<u>DECEMBER 31,</u> <u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ 701,911	\$ (55,327)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	12,107	10,741
Loss / (Gain) on Disposal of Fixed Assets	9,395	794
Loss / (Gain) on Sale of Securities	12,776	—
Unrealized (Gain) Loss on Investment in Common Stock	(43,228)	24,693
Reinvested Dividends from Mutual Funds	(19,113)	(21,235)
Contribution of Marketable Securities	(18,388)	—
Increase in Allowance for Doubtful Accounts	9,100	—
(Increase) Decrease in Operating Assets:		
Contributions Receivable	(134,594)	3,842
Unconditional Promises to Give	(383,977)	—
Interest and Dividends Receivable	(150)	6
Prepaid Insurance	(1,034)	(580)
Prepaid — Other	2,399	(4,845)
Other Receivables	589	1,079
Increase (Decrease) in Operating Liabilities:		
Accrued Expenses	9,356	(6,457)
Accrued Salaries	13,307	5,093
Deferred Revenue	2,000	23,000
<u>Net Cash Used by Operating Activities</u>	<u>\$ 172,456</u>	<u>\$ (19,196)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Equipment	\$ (10,670)	\$ (8,859)
Net Investment in Marketable Securities	2,797	10,364
<u>Net Cash Provided by Investing Activities</u>	<u>\$ (7,873)</u>	<u>\$ 1,505</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Capital Lease Obligation	\$ (3,289)	\$ (2,927)
<u>Net Cash Provided (Used) by Financing Activities</u>	<u>\$ (3,289)</u>	<u>\$ (2,927)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>\$ 161,294</u>	<u>\$ (20,618)</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>380,722</u>	<u>401,340</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 542,016</u>	<u>\$ 380,722</u>
Interest Paid	<u>\$ 423</u>	<u>\$ 785</u>

The accompanying notes are an integral part of this financial statement.

THE SHEPHERD'S TABLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Supporting Services</u>			<u>Total</u>	<u>Expenses</u>
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>		
Salaries and Benefits	\$ 406,206	\$ 156,636	\$ 172,192	\$ 328,828	\$ 735,034
Professional Fees	—	16,356	—	16,356	16,356
Advertising / Promotion	—	590	—	590	590
Food	365,456	—	—	—	365,456
Clothing and Other Supplies	439,200	—	—	—	439,200
Tokens	2,188	—	—	—	2,188
Food — Supporting	6,784	—	—	—	6,784
Prescriptions	5,446	—	—	—	5,446
Insurance	—	19,945	—	19,945	19,945
Investment Advisory Fee	—	4,363	—	4,363	4,363
Gifts	—	897	800	1,697	1,697
Office and Other Supplies	979	2,285	5,304	7,589	8,568
Postage and Delivery	2,516	1,180	4,085	5,265	7,781
Dues and Memberships	—	4,328	169	4,497	4,497
Payroll Administration Fees	—	3,181	—	3,181	3,181
Printing	5,836	2,921	12,377	15,298	21,134
Telephone	2,356	1,178	393	1,571	3,927
Repairs and Maintenance	16,568	498	—	498	17,066
Rent	180,000	—	—	—	180,000
Depreciation	6,179	5,928	—	5,928	12,107
Interest Expense	—	423	—	423	423
Miscellaneous	5,093	—	18,107	18,107	23,200
Moving / New Location Expenses	1,249	2,615	25,969	28,584	29,833
Eye Clinic – Glasses & Supplies	11,674	—	—	—	11,674
Eye Doctor Fees	9,800	—	—	—	9,800
Maintenance — Copier/Phone	2,476	1,238	1,238	2,476	4,952
Meetings / Conferences	162	2,766	841	3,607	3,769
Travel	2,145	440	13	453	2,598
Bank and Merchant Fees	—	217	—	217	217
Bad Debt Expense	—	9,100	—	9,100	9,100
Information Technology	1,433	717	717	1,434	2,867
<u>TOTAL EXPENSES</u>	<u>\$ 1,473,746</u>	<u>\$ 237,802</u>	<u>\$ 242,205</u>	<u>\$ 480,007</u>	<u>\$ 1,953,753</u>

The accompanying notes are an integral part of this financial statement.

THE SHEPHERD'S TABLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services		Total	Total Expenses
		Management and General	Fundraising		
Salaries and Benefits	\$ 381,405	\$ 143,613	\$ 150,567	\$ 294,180	\$ 675,585
Donated Services	5,225	—	—	—	5,225
Professional Fees	—	18,776	—	18,776	18,776
Advertising / Promotion	—	130	—	130	130
Food	284,390	—	—	—	284,390
Clothing and Other Supplies	672,090	—	—	—	672,090
Tokens	2,625	—	—	—	2,625
Food — Supporting	15,006	—	—	—	15,006
Prescriptions	5,219	—	—	—	5,219
Insurance	—	17,170	—	17,170	17,170
Investment Advisory Fee	—	6,192	—	6,192	6,192
Gifts	—	1,506	—	1,506	1,506
Office and Other Supplies	927	2,162	6,025	8,187	9,114
Postage and Delivery	2,519	13	4,987	5,000	7,519
Dues and Memberships	—	3,198	300	3,498	3,498
Payroll Administration Fees	—	2,239	—	2,239	2,239
Printing	8,040	1,313	9,527	10,840	18,880
Telephone	—	4,405	—	4,405	4,405
Repairs and Maintenance	14,914	4,240	—	4,240	19,154
Rent	180,000	—	—	—	180,000
Depreciation	5,883	4,858	—	4,858	10,741
Payroll Expense	—	1,488	—	1,488	1,488
Interest Expense	—	785	—	785	785
Miscellaneous	9,745	—	22,015	22,015	31,760
Eye Clinic – Glasses & Supplies	10,371	—	—	—	10,371
Eye Doctor Fees	10,450	—	—	—	10,450
Maintenance — Copier/Phone	—	5,032	—	5,032	5,032
Meetings / Conferences	106	3,530	827	4,357	4,463
Travel	2,878	695	—	695	3,573
Bank and Merchant Fees	—	533	—	533	533
Information Technology	—	4,481	—	4,481	4,481
TOTAL EXPENSES	\$ 1,611,793	\$ 226,359	\$ 194,248	\$ 420,607	\$ 2,032,400

The accompanying notes are an integral part of this financial statement.

THE SHEPHERD'S TABLE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 — THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Shepherd's Table, Inc. (the Organization) was formed in 1983 as a non-profit organization. The principle function of the Organization is to help develop a sense of community responsibility by working with churches, synagogues, community service organizations, and individuals who share a common concern for the disadvantaged in the community by mobilizing volunteers and members to serve in the Montgomery County area, and more particularly, the Silver Spring, Takoma Park community. The Organization operates a soup kitchen known as "The Shepherd's Table" to serve hot, nutritious, free meals daily for the needy in the area, and to do so without regard to race, creed, religion, color, sex, handicap, or national origin. The Organization provides clothes and showers, prescriptions, eye care, supportive and referral services and any other assistance that the directors consider appropriate.

The following is a summary of the significant accounting policies of the company:

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this method revenues are recorded when earned and expenses are recognized when the obligation is incurred.

Recognition of Revenue

In accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-45, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Cash and Cash Equivalents

For the Statement of Cash Flows, the Organization considers the certificates of deposit to be a cash equivalent.

The accompanying notes are an integral part of this financial statement.

THE SHEPHERD'S TABLE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 — THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Financial statement presentation follows the requirements of FASB ASC 958-205-45. Under this section, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Property and Equipment

The Organization provides for depreciation using the straight-line method over five to ten years for all depreciable assets over their estimated useful lives. Assets are carried on the books at cost if purchased or at fair market value if contributed.

Depreciable Assets Consist of the following:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Office Equipment	\$ 11,641	\$ 10,960
Computer Equipment	22,203	11,193
Furniture & Fixtures	4,218	4,659
Kitchen Equipment	23,727	59,034
Leasehold Improvements	—	13,835
Eye Clinic Equipment	<u>21,668</u>	<u>20,738</u>
	\$ 83,457	\$ 120,419
Accumulated Depreciation	<u>52,667</u>	<u>78,797</u>
	<u>\$ 30,790</u>	<u>\$ 41,622</u>

Income Taxes

The Organization has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been recorded. The Organization paid no income or excise taxes during the years ended December 31, 2016 and 2015.

Interest Expense

The Organization paid interest expense of \$423 for the year ended December 31, 2016 and \$785 for the year ended December 31, 2015.

THE SHEPHERD'S TABLE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 — THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of the financial statements in conformity with U.S. 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.

Functional Allocation of Expenses

The costs of providing the various programs and 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 benefitted.

Contributions Receivable

All contributions receivable are due in less than one year. Management feels all contributions receivable will be collected; accordingly, there is no allowance for doubtful accounts.

Unconditional Promises to Give

During 2016 the Organization conducted a pledge drive, with pledges being made for a three year period (and in a few instances, four years). This pledge drive raised \$562,237 in total, with \$178,260 being collected during 2016 and \$383,977 being due over the next two (or possibly three) years. Amounts shown as long-term are due in 2018 and 2019. The Organization uses the allowance method to determine uncollectible promises to give. Management reviewed each pledge individually to determine collectibility and has established an allowance of \$9,100 which it feels will be sufficient to cover any pledges that are not made. Almost all who pledged are repeat supporters of the Organization.

NOTE 2 — INVESTMENTS

The Organization has a Certificate of Deposit with Lafayette Federal Credit Union which has an annual percentage rate of 0.30% for 2016 and 0.30% for 2015. The balance of the certificate at December 31, 2016 was \$28,611 and at December 31, 2015 was \$144,182. The Credit Union also holds a savings account which contained \$251 at December 31, 2016 and \$251 at December 31, 2015.

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this section are described below:

THE SHEPHERD'S TABLE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 — INVESTMENTS (CONTINUED)

- Level 1 Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization's only assets that fall under the fair value hierarchy at December 31, 2016 and December 31, 2015 were investments in common stock and/or mutual funds. They were valued at the closing price reported on the active market on which the individual securities are traded; accordingly it is considered to be a Level 1 asset. As of December 31, 2016 the investments had a fair value of \$631,331 and an unrealized gain of \$43,228. As of December 31, 2015 the investments had a fair value of \$566,175, with an unrealized loss of \$44,180.

NOTE 3 — CONTRIBUTED SERVICES AND MATERIALS

The Organization receives a substantial amount of services and materials through donations in carrying out its programs. FASB ASC 958-605-30 states that contributions shall be reported at their fair market values as either unrestricted, temporarily restricted, or permanently restricted support.

During 2015 the Organization received an estimated \$298,646 in food from area grocery stores, food banks, and other sources. In addition, an estimated \$438,100 in clothing and supplies was donated to the Organization's Clothes Closet. During 2015, \$240,969 in food and \$669,900 in clothing and supplies was donated. These are included as contributions and expenses in the statement of activities.

The Organization previously occupied space at 8210 Dixon Avenue, Silver Spring, Maryland, but in December 2016 moved into Progress Place at 8106 Georgia Avenue in Silver Spring. Both the old and new locations provide the Organization rent-free space, parking and county-owned furniture and equipment, as well as utility, industrial cleaning and maintenance payments. Currently, no lease agreement is in existence. The county has estimated the value to be \$180,000 for both 2016 and 2015 (both old and new locations have similar square footage). These amounts are included in contributions and expenses in the statement of activities.

In accordance with FASB ASC 958-605-30, contributions of services shall be recognized if the services received create or enhance nonfinancial assets or require specialized skills. In 2015 the Organization received \$5,225 in donations for use in special events held during the year (food, printing, entertainment, supplies, etc). These have been included in contributions and expenses in the statement of activities.

THE SHEPHERD'S TABLE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 — CONTRIBUTED SERVICES AND MATERIALS (CONTNUED)

In addition, the Organization also received many hours of donated service from volunteers who serve and prepare food, answer phones, work in the Clothes Closet, etc. No amounts have been recognized for these services in the statement of activities because the criteria for recognition of such volunteer effort under FASB ASC 958-605-30.

All estimates are per the Organization.

NOTE 4 — COMMITMENTS AND CONTINGENCIES

On July 25, 1989, the Organization entered into a one year agreement with the Montgomery County Government, in the amount of \$16,800, to provide certain services to the homeless. Under this agreement the Organization receives reimbursement for specific expenditures. The agreement was renewed on July 1, 1991 and has been renewed every July since that date and currently extends through June 30, 2018.

NOTE 5 — COMPENSATED ABSENCES

The Organization does not accrue for compensated absences. Annual and sick leave are both on a use-or-lose basis, so no accrual is necessary.

NOTE 6 — UNCERTAIN INCOME TAX POSITIONS

The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to tax on income from any unrelated business.

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability or asset if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities.

The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at December 31, 2016.

THE SHEPHERD'S TABLE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 — UNCERTAIN INCOME TAX POSITIONS (CONTINUED)

The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2012.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

NOTE 7 — CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization maintains cash accounts with various banks. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At December 31, 2015 the balance per the bank statements of accounts at EagleBank totaled \$522,313, which is \$272,319 in excess of the insured limits.

NOTE 8 — CAPITAL LEASE PAYABLE

During 2014 the Organization entered into a new thirty-six month capital lease for telephone equipment with Avaya Financial Services. This lease is payable in monthly installments of \$309, which includes interest at 11.71% per annum. The gross amount of this asset under capital lease of \$9,353 is included in office equipment. The balance due under this lease is \$1,795 as of December 31, 2016 and \$5,084 as of December 31, 2015. Accumulated amortization is \$4,677 as of December 31, 2015 and \$2,806 as of December 31, 2015.

Future minimum lease payments are as follows:

Year Ending December 31,	2017	\$	1,856
	2018		—
	2019		—
	2020		—
	2021		—
	Thereafter		—
Total Future Lease Payments		\$	1,856
Less: Imputed Interest			(61)
Less: Executory Costs			(—)
Net Capital Lease Payable		\$	<u>1,795</u>

THE SHEPHERD'S TABLE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 — EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 16, 2017, the date which the financial statements were available to be issued.