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Accounting • Auditing • Consulting

# SHEPHERD'S HOPE, LTD.

Annual Financial Report  
For the Year Ended June 30, 2021

# SHEPHERD'S HOPE, LTD.

## TABLE OF CONTENTS

*Years Ended June 30, 2021*

	<u>PAGES</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Basic Financial Statements	7-11



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Shepherd's Hope, Ltd.  
Chicago, Illinois

### Report on the Financial Statements

We have audited the accompanying financial statements of Shepherd's Hope, Ltd. (an Illinois not-for-profit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, statement of allocations to social service agencies, statement of functional expenses, and statement of 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 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 Shepherd's Hope, Ltd. as of June 30, 2021, and the statement of activities and changes in net assets, statement of allocations to social service agencies, statement of functional expenses, and statement of cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses as described in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*George Roach & Associates, P.C.*

George Roach & Associates, P.C.  
Certified Public Accountants  
Crystal Lake, Illinois

June 9, 2022

# SHEPHERD'S HOPE, LTD.

## Statement of Financial Position

June 30, 2021

	Assets	2021
<b>Current Assets</b>		
Cash and cash equivalents		\$ 20,633
Prepaid items		504
<b>Total Current Assets</b>		<b>21,137</b>
<b>Fixed Assets</b>		
Land		25,154
Furniture and office equipment		48,194
Buildings		75,000
<b>Total Fixed Assets</b>		<b>148,348</b>
Less: accumulated depreciation		20,385
<b>Net Fixed Assets</b>		<b>127,963</b>
<b>Total Assets</b>		<b>\$ 149,100</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable		\$ 30,008
Security deposits		12,880
<b>Total Current Liabilities</b>		<b>42,888</b>
<b>Noncurrent Liabilities</b>		
Current portion of loan payable		22,603
Noncurrent portion of loan payable		185,674
<b>Total Noncurrent Liabilities</b>		<b>208,277</b>
<b>Total Liabilities</b>		<b>251,165</b>
<b>Net Assets</b>		
Net assets without donor restrictions		(102,065)
Net assets with donor restrictions		-
<b>Total Net Assets</b>		<b>(102,065)</b>
<b>Total Liabilities and Net Assets</b>		<b>\$ 149,100</b>

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

**SHEPHERD'S HOPE, LTD.***Statement of Activities and Changes in Net Assets**For the Year Ended June 30, 2021*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals 2021</b>
<b>Revenue, Gains and Other Support</b>			
Corporate contributions	\$ 5,850	\$ 1,150	\$ 7,000
Individual contributions	118,354	14,280	132,634
Nonprofit contributions	4,250		4,250
Rental	142,348	-	142,348
In-kind contributions	3,089,788	-	3,089,788
Grants received	25,950	96,375	122,325
Miscellaneous receipts/grants	5,690	-	5,690
Net assets released from restrictions	111,805	(111,805)	-
<b>Total Revenue, Gains and Other Support</b>	<b>3,504,035</b>	<b>-</b>	<b>3,504,035</b>
<b>Expenses</b>			
Program services*	3,447,441	-	3,447,441
Fundraising and affiliation dues*	2,312	-	2,312
Management and general*	38,644	-	38,644
<b>Total Expenses</b>	<b>3,488,397</b>	<b>-</b>	<b>3,488,397</b>
<b>Change in net assets</b>	<b>15,638</b>	<b>-</b>	<b>15,638</b>
<b>Net assets, beginning of year</b>	<b>(117,703)</b>	<b>-</b>	<b>(117,703)</b>
<b>Net assets, end of year</b>	<b>\$ (102,065)</b>	<b>\$ -</b>	<b>\$ (102,065)</b>

\*See detailed schedule on page 5.

**SHEPHERD'S HOPE, LTD.***Statement of Functional Expenses**For the Year Ended June 30, 2021*

	<b>Program Services</b>	<b>Fundraising</b>	<b>Administration General</b>	<b>Total 2021 Expenses</b>
Contracted services	\$ 198,640	\$ 2,048	\$ 4,095	\$ 204,783
Utilities	60,953	-	3,208	64,161
Repairs and maintenance	42,908	-	2,258	45,166
Interest expense	-	-	16,054	16,054
Supplies	20,365	-	2,263	22,628
Insurance	11,606	-	1,289	12,895
Vehicle expenses	9,194	-	1,021	10,215
Donated food	3,086,288	-	-	3,086,288
Miscellaneous	727	-	311	1,038
Professional fees	6,000	-	6,000	12,000
Volunteer expenses	18	-	-	18
Depreciation	6,794	-	1,106	7,900
Administrative expenses	7	264	76	347
Computer expenses	1,220	-	406	1,626
Bank & processing fee	2,721	-	557	3,278
<b>Total Expenses</b>	<b>\$ 3,447,441</b>	<b>\$ 2,312</b>	<b>\$ 38,644</b>	<b>\$ 3,488,397</b>

# SHEPHERD'S HOPE, LTD.

## Statement of Cash Flows

For the Year Ended June 30, 2021

	<b>2021</b>
<b>Cash Flows from Operating Activities</b>	
<b>Change in Net Assets</b>	\$ 15,638
<b>Adjustments to Reconcile Net Position to Net Cash Provided/(Used) by Operating Activities:</b>	
Depreciation	7,900
Changes in net position:	
(Increase)/decrease receivables	5,314
Increase/(decrease) deposits	12,880
Increase/(decrease) accounts payable	23,554
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>65,286</b>
<b>Cash Flows from Investing Activities</b>	
Investment in fixed assets, net	(34,686)
<b>Net Cash Provided/(Used) by Investing Activities</b>	<b>(34,686)</b>
<b>Cash Flows from Financing Activities</b>	
Debt payments	(38,991)
<b>Net Cash Provided/(Used) by Financing Activities</b>	<b>(38,991)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(8,391)</b>
<b>Cash at Beginning of Year</b>	<b>29,024</b>
<b>Cash at End of Year</b>	<b>\$ 20,633</b>

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



# SHEPHERD'S HOPE, LTD.

Notes to the Basic Financial Statements

Year Ended June 30, 2021

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Shepherd's Hope Ltd. (the "Organization") is an Illinois not-for-profit organization, focused on providing free food to residences of the Englewood neighborhood, one of the most impoverished and dangerous districts in Chicago, Illinois. The Organization receives funds and in-kind contributions from corporations, individuals, and other not-for-profit organizations around the Chicago metropolitan region.

### BASIS OF ACCOUNTING:

The Organization maintains its accounting records and prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. The accrual basis of accounting recognizes pledges as revenue when pledged and expenses when incurred. Where there is a choice between two or more generally accepted principles, the principle which the Organization believes will best reflect its financial position and results of operations is selected.

### CASH AND CASH EQUIVALENTS:

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

### FIXED ASSETS:

The Organization has a policy of capitalizing all expenditures for fixed assets greater than \$500; the fair market value of donated fixed assets are similarly capitalized. Depreciation of the fixed assets as reported has been computed by the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Building	40
Furniture and Equipment	3-7

### CONTRIBUTIONS:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions and are temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

# SHEPHERD'S HOPE, LTD.

Notes to the Basic Financial Statements  
Year Ended June 30, 2021

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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### DONATED SERVICES:

The value of contributed time (unpaid volunteers) is not reflected in these statements since it is not susceptible to objective measurement of valuation.

### FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various allocations and agency relations, fundraising, and management and general services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the allocations and agency relations, fundraising, and management and general services benefited.

### 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.

### INCOME TAX STATUS:

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they are filed.

## NOTE 2 – CASH AND CASH EQUIVALENTS

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The Organization maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of June 30, 2021, there was \$20,633 FDIC insured and \$ 0 uncollateralized cash balances. The Organization believes it is not exposed to any significant credit risk on its cash balances. At June 30, 2021, the Organization had the following cash and investments:

Category 1	Insured or collateralized with securities held by the entity or by its agent in the entity's name.
Category 2	Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
Category 3	Uncollateralized.

# SHEPHERD'S HOPE, LTD.

Notes to the Basic Financial Statements

Year Ended June 30, 2021

## NOTE 2 – CASH AND CASH EQUIVALENTS

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Pooled Deposits	Category			Bank Balance	Carrying Amount
	1	2	3		
Checking & Savings	\$ 20,633	\$ -	\$ -	\$ 20,633	\$ 20,633
	<u>\$ 20,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>20,633</u>	<u>20,633</u>
	<b>Total Deposits</b>			<u>\$ 20,633</u>	<u>\$ 20,633</u>

## NOTE 3 – FIXED ASSETS

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A summary of fixed assets:

Fixed Assets	Balance	Increases	Decreases	Balance
	July 1, 2020			June 30, 2021
Land	\$ 25,154	\$ -	\$ -	\$ 25,154
Buildings & improvements	61,470	13,530	-	75,000
Equipment, furniture & fixtures	27,038	21,156	-	48,194
<b>Total Capital Assets</b>	<u>113,662</u>	<u>34,686</u>	<u>-</u>	<u>148,348</u>
Less: Accumulated Depreciation	12,485	7,900	-	20,385
<b>Capital Assets (Net)</b>	<u>\$ 101,177</u>	<u>\$ 26,786</u>	<u>\$ -</u>	<u>\$ 127,963</u>

Depreciation expense for the year ended June 30, 2021 is \$7,900.

# SHEPHERD'S HOPE, LTD.

Notes to the Basic Financial Statements

Year Ended June 30, 2021

## NOTE 4 – LONG-TERM DEBT

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The organization has one obligation outstanding at June 30, 2021.

	<u>Balance</u>
Installment loan, payable in monthly payments with interest at 4.96% through Dec. 1, 2029	\$ 208,277

Annual repayment requirements of the debt obligations are as follows:

Long-term liability activity for the year ended June 30, 2021 was as follows:

Long-Term Debt	Balance			Balance June 30, 2021	Amounts Due Within One Year
	July 1, 2020	Additions	Retirements		
Demand Loan	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ -
Installment Loan	227,268	-	18,991	208,277	22,603
<b>Total Long-Term Debt</b>	<u>\$ 247,268</u>	<u>\$ -</u>	<u>\$ 38,991</u>	<u>\$ 208,277</u>	<u>\$ 22,603</u>

Debt service requirements:

Fiscal Year Ended	Amount
2022	\$ 32,424
2023	32,424
2024	32,424
2025	32,424
2026	32,424
Thereafter	81,060
Amount of Interest	<u>(34,903)</u>
	<u>\$ 208,277</u>

# SHEPHERD'S HOPE, LTD.

*Notes to the Basic Financial Statements*

*Year Ended June 30, 2021*

## NOTE 5 – NET ASSETS

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### NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets that are not subject to any donor-imposed stipulations.

### NET ASSETS WITH RESTRICTIONS:

#### TEMPORARILY RESTRICTED -

Net assets subject to imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

#### PERMANENTLY RESTRICTED:

Net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Organization are also included in this category. Income earned on these assets is available as unrestricted revenue to the Organization. No assets were subject to permanent restrictions at year ending June 30, 2021.

## NOTE 6 – CONTINGENCIES

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The Organization is not aware of any other pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

## NOTE 7 – SUBSEQUENT EVENTS

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