

THE SHEPHERD'S TABLE, INC.

DECEMBER 31, 2017

and

DECEMBER 31, 2016

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MILLER, ENGEL & TIERNEY LLP
CERTIFIED PUBLIC ACCOUNTANTS

THIS REPORT CONSISTS OF 13 PAGES

CONTENTS

Exhibit Reference	Title	Page
—	Independent Auditor's Report	1
A	Statements of Financial Position as of December 31, 2017 and December 31, 2016	3
B	Statements of Activities for the years ended December 31, 2017 and December 31, 2016	4
C	Statements of Cash Flows for the years ended December 31, 2017 and December 31, 2016	5
D	Statements of Functional Expenses for the years ended December 31, 2017 and December 31, 2016	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, 2017 and 2016, 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, 2017 and 2016, 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
July 18, 2018

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

	<u>AS OF</u> DECEMBER 31, 2017	DECEMBER 31, 2016
<u>ASSETS</u>		
Cash in Banks	\$ 647,713	\$ 513,154
Investments — Certificates of Deposit — Note 2	29,004	28,862
— Common Stock and Mutual Funds	692,626	631,331
Contributions Receivable — America's Charities / United Way	— —	1,647
— Montgomery County	36,933	46,856
— Individuals	82,158	51,515
— Foundations and Others	14,825	105,000
Unconditional Promises to Give — Current	171,967	189,925
— Long-Term	24,141	184,952
Interest and Dividends Receivable	647	876
Prepaid Insurance	5,893	6,206
Prepaid — Other	2,665	4,482
Deposits	2,000	— —
Other Receivables	— —	486
Equipment — Net of Accumulated Depreciation — Note 1	<u>22,486</u>	<u>30,790</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,733,058</u>	<u>\$ 1,796,082</u>
<u>LIABILITIES</u>		
Accrued Expenses	\$ 14,777	\$ 11,325
Accrued Salaries	— —	33,945
Deferred Revenue	— —	25,000
Capital Lease Payable — Note 8	<u>— —</u>	<u>1,795</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 14,777</u>	<u>\$ 72,065</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 1,500,735	\$ 1,312,390
Temporarily Restricted	<u>217,546</u>	<u>411,627</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 1,718,281</u>	<u>\$ 1,724,017</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,733,058</u>	<u>\$ 1,796,082</u>

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

THE SHEPHERD'S TABLE, INC.
STATEMENTS OF ACTIVITIES

	<u>FOR THE YEARS ENDED</u>	
	<u>DECEMBER 31,</u> <u>2017</u>	<u>DECEMBER 31,</u> <u>2016</u>
<u>UNRESTRICTED NET ASSETS</u>		
Support:		
Individual Donors	\$ 423,815	\$ 401,738
Churches and Synagogues	71,108	60,953
Workplace Giving	49,141	39,751
Businesses and Organizations	125,054	155,447
Foundations	258,059	438,726
Interest and Dividend Income	24,548	19,519
Unrealized Appreciation (Depreciation) of Investments	56,871	43,228
Gain (Loss) on Sale of Securities	6,187	(12,776)
Gain (Loss) on Sale of Fixed Assets	(1,064)	(9,395)
Other Income and Reimbursed Expenses	19,235	2,979
Contributed Goods and Services — Note 3	<u>1,082,521</u>	<u>916,746</u>
	\$ 2,115,475	\$ 2,056,916
Net Assets Released from Restrictions	<u>544,014</u>	<u>243,983</u>
<u>TOTAL UNRESTRICTED REVENUES AND SUPPORT</u>	<u>\$ 2,659,489</u>	<u>\$ 2,300,899</u>
<u>EXPENSES</u>		
Program Services	\$ 1,950,451	\$ 1,473,746
Supporting Services — Management and General	256,822	237,802
— Fundraising	<u>263,871</u>	<u>242,205</u>
<u>TOTAL EXPENSES</u>	<u>\$ 2,471,144</u>	<u>\$ 1,953,753</u>
<u>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</u>	<u>\$ 188,345</u>	<u>\$ 347,146</u>
<u>TEMPORARILY RESTRICTED ASSETS</u>		
Contributions — Foundations and Grants	\$ 31,900	\$ 35,900
— Montgomery County	249,228	143,235
— Federal / State Assistance	10,000	8,000
— Businesses	10,686	217,618
— Churches and Synagogues	15,646	9,860
— Individuals	<u>32,473</u>	<u>184,135</u>
	\$ 349,933	\$ 598,748
Net Assets Released from Restrictions — Restrictions Satisfied by Payments	<u>(544,014)</u>	<u>(243,983)</u>
<u>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED ASSETS</u>	<u>\$ (194,081)</u>	<u>\$ 354,765</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>\$ (5,736)</u>	<u>\$ 701,911</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>1,724,017</u>	<u>1,022,106</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 1,718,281</u>	<u>\$ 1,724,017</u>

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

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

	<u>FOR THE YEARS ENDED</u>	
	<u>DECEMBER 31,</u> <u>2017</u>	<u>DECEMBER 31,</u> <u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ (5,736)	\$ 701,911
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	9,516	12,107
Loss / (Gain) on Disposal of Fixed Assets	1,064	9,395
Loss / (Gain) on Sale of Securities	(6,187)	12,776
Unrealized (Gain) Loss on Investment in Common Stock	(56,871)	(43,228)
Reinvested Dividends from Mutual Funds		(19,113)
Contribution of Marketable Securities	(11,670)	(18,388)
Increase in Allowance for Doubtful Accounts	2,554	9,100
(Increase) Decrease in Operating Assets:		
Contributions Receivable	71,102	(134,594)
Unconditional Promises to Give	176,215	(383,977)
Interest and Dividends Receivable	229	(150)
Prepaid Insurance	313	(1,034)
Prepaid — Other	1,817	2,399
Other Receivables	486	589
Deposits	(2,000)	—
Increase (Decrease) in Operating Liabilities:		
Accrued Expenses	3,452	9,356
Accrued Salaries	(33,945)	13,307
Deferred Revenue	(25,000)	2,000
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 125,339</u>	<u>\$ 172,456</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Equipment	\$ (2,276)	\$ (10,670)
Net Investment in Marketable Securities	13,433	2,797
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>\$ 11,157</u>	<u>\$ (7,873)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Capital Lease Obligation	\$ (1,795)	\$ (3,289)
<u>Net Cash Used by Financing Activities</u>	<u>\$ (1,795)</u>	<u>\$ (3,289)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>\$ 134,701</u>	<u>\$ 161,294</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>542,016</u>	<u>380,722</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 676,717</u>	<u>\$ 542,016</u>
Interest Paid	\$ 0	\$ 423

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, 2017

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries and Benefits	\$ 697,033	\$ 140,015	\$ 148,267	\$ 288,282	\$ 985,315
Professional Fees	22,584	32,068	—	32,068	54,652
Advertising / Promotion	—	90	—	90	90
Food	453,770	170	180	350	454,120
Clothing and Other Supplies	377,410	—	—	—	377,410
Tokens	2,817	—	—	—	2,817
Food — Supporting	11,705	49	51	100	11,805
Prescriptions	6,240	—	—	—	6,240
Insurance	16,124	3,252	3,443	6,695	22,819
Investment Advisory Fee	—	6,819	—	6,819	6,819
Gifts	—	1,332	—	1,332	1,332
Office and Other Supplies	3,085	622	12,307	12,929	16,014
Postage and Delivery	2,710	251	3,568	3,819	6,529
Dues and Memberships	3,927	772	1,950	2,722	6,649
Payroll Administration Fees	—	2,667	—	2,667	2,667
Printing	2,447	2,603	13,113	15,716	18,163
Telephone	2,723	549	582	1,131	3,854
Repairs and Maintenance	22,080	49	51	100	22,180
Rent	264,615	53,365	56,510	109,875	374,490
Depreciation	6,724	1,356	1,436	2,792	9,516
Miscellaneous	5,831	—	17,967	17,967	23,798
Moving / New Location Expenses	9,565	1,929	2,043	3,972	13,537
Eye Clinic – Glasses & Supplies	11,800	—	—	—	11,800
Eye Doctor Fees	10,578	—	—	—	10,578
Maintenance — Copier/Phone	3,511	708	750	1,458	4,969
Meetings / Conferences	1,871	225	854	1,079	2,950
Travel	3,104	395	82	477	3,581
Bank and Merchant Fees	210	1,243	37	1,280	1,490
Bad Debt Expense	—	5,650	—	5,650	5,650
Information Technology	7,987	643	680	1,323	9,310
TOTAL EXPENSES	\$ 1,950,451	\$ 256,822	\$ 263,871	\$ 520,693	\$ 2,471,144

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

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
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
TOTAL EXPENSES	\$ 1,473,746	\$ 237,802	\$ 242,205	\$ 480,007	\$ 1,953,753

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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

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.

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, 2017</u>	<u>December 31, 2016</u>
Office Equipment	\$ 11,341	\$ 11,641
Computer Equipment	22,829	22,203
Furniture & Fixtures	3,931	4,218
Kitchen Equipment	23,437	23,727
Eye Clinic Equipment	<u>21,668</u>	<u>21,668</u>
	\$ 83,206	\$ 83,457
Accumulated Depreciation	<u>60,720</u>	<u>52,667</u>
	<u>\$ 22,486</u>	<u>\$ 30,790</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, 2017 and 2016.

Interest Expense

The Organization paid interest expense of \$0 for the year ended December 31, 2017 and \$423 for the year ended December 31, 2016.

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.

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

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

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 uncollectible receivables.

Unconditional Promises to Give

Contributions are recognized when a 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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 2017 and 0.30% for 2016. The balance of the certificate at December 31, 2017 was \$28,753 and at December 31, 2016 was \$28,611. The Credit Union also holds a savings account which contained \$251 at December 31, 2017 and \$251 at December 31, 2016.

During 2017, the Organization received several donations of shares of common stock from various companies as well as mutual fund shares. The value on the dates of contribution was \$11,670.

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:

- Level 1 Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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

NOTE 2 — INVESTMENTS (CONTINUED)

- 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, 2017 and December 31, 2016 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, 2017 the investments had a fair value of \$692,626 and an unrealized gain of \$56,871. As of December 31, 2016 the investments had a fair value of \$631,331, with an unrealized loss of \$43,228.

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 2017 the Organization received an estimated \$317,721 in food from area grocery stores, food banks, and other sources. In addition, an estimated \$375,640 in clothing and supplies was donated to the Organization's Clothes Closet. During 2016, \$298,646 in food and \$438,100 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 of the new space to be \$374,490 for 2017; the value of the old space occupied in 2016 was estimated to be \$180,000. 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 2017 the Organization received \$3,000 in donated accounting services. This has been included in contributions and expenses in the statement of activities.

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.

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

NOTE 4 — 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 originally raised \$562,237 in total, with \$178,260 being collected during 2016. During 2017 an additional \$31,325 in pledges were received, pledge collections amounted to \$205,656 and balances due for four pledges were written off in the amount of \$1,884, leaving \$207,762 being due over the next one to two years. Amounts shown as long-term are due in 2019. The Organization uses the allowance method to determine uncollectible promises to give. Management reviewed each pledge individually to determine collectibility and has adjusted its allowance upward to \$11,654 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 5 — 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, 2019.

NOTE 6 — 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 7 — 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, 2017.

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

NOTE 7 — 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 2013.

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

NOTE 8 — 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, 2017 the balance per the bank statements of accounts at EagleBank totaled \$441,932, which is \$191,932 in excess of the insured limits.

NOTE 9 — 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 was 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 was \$1,795 as of December 31, 2016. It was paid off in full during 2017. Accumulated amortization is \$6,547 as of December 31, 2017 and \$4,677 as of December 31, 2016.

NOTE 10 — EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 18, 2018, the date which the financial statements were available to be issued.