

**SHEPHERD'S FOLD, INC  
(A NONPROFIT ORGANIZATION)  
BIRMINGHAM, ALABAMA**

**FEBRUARY 29, 2016 AND FEBRUARY 28, 2015**

SHEPHERD'S FOLD, INC.  
BIRMINGHAM, ALABAMA  
FEBRUARY 28, 2015 AND FEBRUARY 28, 2014

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See Independent Accountants' Compilation Report.

# Campbell & Gunter, L.L.P.

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## Accountants' Compilation Report

To the Advisory Board  
Shepherd's Fold, Inc.

Management is responsible for the accompanying financial statements of Shepherd's Fold, Inc. (a nonprofit organization), which comprise the statements of financial position as of February 29, 2016 and February 28, 2015 and the related statements of activities and cash flows for the years ended, and the accompanying supplementary information contained in the Schedules of Functional Expenses, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements.

We are not independent with respect to Shepherd's Fold, Inc.

*Campbell & Gunter, LLP*

Birmingham, Alabama  
July 20, 2016

SHEPHERD'S FOLD, INC.  
Birmingham, Alabama

STATEMENTS OF FINANCIAL POSITION  
February 29, 2016 and February 28, 2015

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**ASSETS**

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash (Note 1)	\$ 26,652	\$ 6,746
Rent Receivable	4,574	4,574
Prepaid Assets	-	
	<u>31,226</u>	<u>11,320</u>
Total Current Assets		
	<u>31,226</u>	<u>11,320</u>
Property and Equipment, net (Notes 1 and 2)	<u>238,810</u>	<u>103,080</u>
Total Assests	<u>\$ 270,036</u>	<u>\$ 114,400</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts Payable	\$ 542	\$ -
Current portion of long-term debt (Note 3)	<u>6,919</u>	<u>6,559</u>
Total Current Liabilities	7,461	6,559
Long-term debt	<u>7,199</u>	<u>14,586</u>
Total liabilites	14,660	21,145
Net Assets		
Unrestricted	<u>255,376</u>	<u>93,255</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 270,036</u>	<u>\$ 114,400</u>

See Independent Accountants' Report.

SHEPHERD'S FOLD, INC.  
Birmingham, Alabama

STATEMENTS OF ACTIVITIES  
For the Years ended February 29, 2016 and February 28, 2015

	<u>2016</u>	<u>2015</u>
Revenues and Support		
Special events	\$ 1,150	\$ 9,650
Direct costs of events	<u>685</u>	<u>1,998</u>
Net support from special events	465	7,652
Contributions	256,178	80,282
Program Fees	100,072	117,424
Public Grants	25,000	10,000
Interest Income	3	2
Miscellaneous	271	2,843
Gain on sale of assets	<u>4,500</u>	<u>-</u>
Total Revenues and Support	<u>386,489</u>	<u>218,203</u>
Expenses		
Program	173,809	182,148
General and administrative	<u>50,559</u>	<u>24,041</u>
Total Expenses	<u>224,368</u>	<u>206,189</u>
Increase (Decrease) in Net assets	162,121	12,014
Net Assets, beginning of year	<u>93,255</u>	<u>81,241</u>
Net Assets, end of year	<u>\$ 255,376</u>	<u>\$ 93,255</u>

See Independent Accountants' Compilation Report.

SHEPHERD'S FOLD, INC.  
Birmingham, Alabama

STATEMENTS OF CASH FLOWS

For the Years Ended February 29, 2016 and February 28, 2015

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Increase (decrease) in net assets	\$ 162,121	\$ 12,014
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	5,126	3,571
Non cash donations received	(137,586)	(4,500)
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	<u>542</u>	<u>-</u>
Net Cash Provided (used) by Operating Activities:	<u>30,203</u>	<u>11,085</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of property and equipment	(3,270)	-
Proceeds from sale of property and equipment	<u>          </u>	<u>240</u>
Net Cash Provided by (Used In) Investing Activities	<u>(3,270)</u>	<u>240</u>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES:</u></b>		
Payments on notes payable	<u>(7,027)</u>	<u>(5,268)</u>
Net cash used in Financing Activities	<u>(7,027)</u>	<u>(5,268)</u>
Increase (Decrease) in Cash and Cash Equivalents	19,906	6,057
Cash and Cash Equivalents - Beginning of Year	<u>6,746</u>	<u>689</u>
Cash and Cash Equivalents - End of Year	<u>\$ 26,652</u>	<u>\$ 6,746</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid for interest for the years ended February 29, 2016 and February 28, 2015 was \$1,648 and \$1,614, respectively.

See Independent Accountants' Compilation Report.  
See notes to financial statements

SHEPHERD'S FOLD, INC.  
Birmingham, Alabama

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended February 29, 2016

	<u>Programs</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Advertising & newsletter	\$ -	\$ 6,951	\$ 6,951
Auto Expense	20,307	335	20,642
Bank Charges	-	347	347
Depreciation	4,801	325	5,126
Drug Testing	571	-	571
Financial assistance	2,439	-	2,439
Grant writing	-	3,000	3,000
Insurance	5,784	900	6,684
Interest	1,648	-	1,648
Lease Expense	3,750	-	3,750
Maintenance and repairs	23,967	1,928	25,895
Office expenses	3,594	3,463	7,057
Payroll taxes	4,748	1,826	6,574
Postage and freight	-	1,194	1,194
Professional fees	-	2,379	2,379
Salaries	62,068	23,868	85,936
Taxes and Licenses	1,465	1,030	2,495
Telephone and cable	3,202	217	3,419
Utilities	35,465	2,796	38,261
	<u>\$ 173,809</u>	<u>\$ 50,559</u>	<u>\$ 224,368</u>

See Independent Accountants' Compilation Report.

SHEPHERD'S FOLD, INC.  
Birmingham, Alabama

STATEMENT OF FUNTIONAL EXPENSES  
For the Year Ended February 28, 2015

	<u>Programs</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Advertising & newsletter	\$ -	\$ 6,348	\$ 6,348
Auto Expense	13,866	730	14,596
Bank Charges	-	155	155
Drug Testing	1,040	-	1,040
Depreciation	3,523	48	3,571
Financial Assistance	2,605	-	2,605
Grant writing	-	-	-
Insurance	8,225	900	9,125
Interest	1,614	-	1,614
Lease Expense	8,630	-	8,630
Maintenance and Repairs	9,358	-	9,358
Office Expenses	4,860	996	5,856
Payroll Taxes	3,726	293	4,019
Postage and Freight	-	619	619
Professional Fees	-	2,872	2,872
Salaries	68,758	9,157	77,915
Taxes and Licenses	-	58	58
Telephone & Cable	2,673	217	2,890
Utilities	53,270	1,648	54,918
	<u>\$ 182,148</u>	<u>\$ 24,041</u>	<u>\$ 206,189</u>

See Independent Accountants' Compilation Report.



SHEPHERD'S FOLD, INC.  
Birmingham, Alabama  
NOTES TO FINANCIAL STATEMENTS

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature and Purpose of Organization** Shepherd's Fold Inc. (the organization) was incorporated under the laws of the State of Alabama in February 1986. The Organization was founded in 1984 as a non-denominational, non-profit organization providing food, shelter, clothing, guidance and love to those who are re-entering society from prison.

**Basis of Presentation** The Organization records its activities on the accrual basis, recognizing revenues and support and expenses when incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows.

- Unrestricted net assets represent revenues and expenses related to the operation and management of the Organization's primary programs and supporting services.
- Temporarily restricted net assets represent resources available for use, but expendable only for the purposes specified by the donor.
- There are no permanently restricted net assets.

**Property and Equipment** Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed principally using the straight-line method at rates intended to distribute the costs of the assets over their estimated service lives as follows:

Automotive equipment	3-5 years
Furniture and Fixtures	5-7 years
Equipment	5-7 years
Buildings	39 years

Depreciation expense for the years ended February 29, 2016 and February 28, 2015 was \$ 5,126 and \$ 3,571, respectively.

**Cash Equivalents** The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

See Independent Accountants' Compilation Report.

SHEPHERD'S FOLD, INC.  
Birmingham, Alabama

NOTES TO FINANCIAL STATEMENTS (Continued)

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Donated Services and Materials** Donated services are recorded at fair value when contributed to the extent that such services meet the recognition criteria outlined in FASB ASC 958 (formally FASB No. 116) Accounting for Contributions Received and Contributions Made. Donated materials, if applicable are reflected as contributions at their estimated fair market value at the date of receipt.

**Income Taxes** The Organization is exempt from federal income tax under Section 501c(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The organization has been classified as an organization that is not a private foundation under Section 509 (a)(2).

**Use of Estimates** The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2 PROPERTY & EQUIPMENT**

Property and equipment consists of the following at February 29, 2016 and February 28, 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 6,500	\$ 6,500
Building & Improvements	266,862	129,276
Computer equipment	8,242	5,372
Office equipment	2,118	2,118
Furniture & Fixtures	12,209	11,809
Vehicles	4,500	4,500
	<u>300,431</u>	<u>159,575</u>
Less: Accumulated depreciation	61,621	56,495
	<u>\$ 238,810</u>	<u>\$ 103,080</u>

(Continued)

See independent Accountants' Compilation Report.

SHEPHERD'S FOLD  
Birmingham, Alabama  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. **LONG-TERM DEBT**

Following is a summary of long -term debt at February 29, 2016 and February 28, 2015:

	<u>2016</u>	<u>2015</u>
Note payable - monthly payments of \$626 including interest at 5.40% through January 2015, secured by real estate (Book value \$ 55,122).	\$ 14,118	\$ 21,145
Less: current maturities	<u>6,919</u>	<u>6,559</u>
Long-term debt due after one year	<u>\$ 7,199</u>	<u>\$ 14,586</u>

4. **OPERATING LEASES**

The Organization leased various resident and office space under month-to-month operating lease agreements. Total operating lease expense charged to activities during the years ended February 29, 2016 was \$3,750.

5. **SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 27, 2016, the date which the financial statements were available to be issued.

See Independent Accountants' Compilation Report.