

Financial Statements

THE GOOD SHEPHERD
ALLIANCE, INC.

December 31, 2008

GENERAL ORGANIZATIONAL DATA

ORGANIZATION AND PURPOSE

The Good Shepherd Alliance, Inc. was incorporated under the laws of the Commonwealth of Virginia on December 4, 1991, to operate a nonstock, nonprofit organization.

The Good Shepherd Alliance, Inc. is organized to provide persons in need with clothes, food, shelter, counseling and other necessary and proper services so as to assist people in times of family and personal crises. At all times, the assets of the corporation will be dedicated to charitable purposes as stated in its articles of incorporation.

The Good Shepherd Alliance, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code on May 28, 1993 effective December 4, 1991.

OFFICERS AND BOARD OF DIRECTORS

OFFICERS

Joyce Trickett, Chair
Mark Gunderman, Vice Chair
Mark Schmitt, Treasurer
Brendan A. Leonard, Secretary

BOARD OF DIRECTORS

Bahman Batmangheidj	Douglas Horne
David Cook, Esq.	Pastor David Norman
Nicholas Graham	Robert Ohneiser, Esq.
Mark Gunderman	Mark Schmitt
Brendan A. Leonard	James Thrash
Joyce Trickett	

ADVISORY DIRECTORS

Deeda Calderazzo	William Kirkwood
Pastor James Cryer	Maureen Ready
Gene Ficarro	Craig Stutzman
Judith Hines	Kenneth W. Werner
Sharon Zachary-Heyliger	

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
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FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Good Shepherd Alliance, Inc.
Ashburn, Virginia

We have audited the accompanying statement of financial position of The Good Shepherd Alliance, Inc. as of December 31, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Good Shepherd Alliance, Inc. as of December 31, 2008 and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Leesburg, Virginia
March 23, 2009

Mitchell & Co., P.C.

THE GOOD SHEPHERD ALLIANCE, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

ASSETS

Cash deposits and cash equivalents	\$ 311,933
Grants receivable	45,145
Prepaid expenses and other	45,628
Security deposits/other	6,670
Land, buildings and equipment (net of accumulated depreciation of \$233,616)	3,518,080

Total assets \$ 3,927,456

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 6,179
Escrow deposits	1,152
Accrued payroll and payroll liabilities	27,007
Security deposits	2,275
Bank line of credit payable	296,036
Mortgages payable	1,835,819
Total liabilities	<u><u>2,168,468</u></u>

Net Assets

Unrestricted	1,758,988
Total net assets	<u><u>1,758,988</u></u>

Total liabilities and net assets \$ 3,927,456

See Notes to Financial Statements.

THE GOOD SHEPHERD ALLIANCE, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Public Support			
Contributions (In-kind \$172,914)	\$ 462,133	\$ -	\$ 462,133
Property donations	700,000	-	700,000
Fundraising programs (less expenses of \$6,564)	22,254	-	22,254
Federal funded programs	217,817	-	217,817
CDBG Grant	10,480	-	10,480
Commonwealth of Virginia	86,024	-	86,024
Loudoun County, Virginia	35,000	-	35,000
Private grants	70,500	-	70,500
United Way	9,133	7,500	16,633
Total public support	<u>1,613,341</u>	<u>7,500</u>	<u>1,620,841</u>
Revenue			
Thrift Stores receipts	538,277	-	538,277
Rental income - subsidized housing	21,075	-	21,075
Other (including sales and donated vehicles \$13,887)	20,108	-	20,108
Total revenue	<u>2,192,801</u>	<u>7,500</u>	<u>2,200,301</u>
Net assets released from restriction	14,040	(14,040)	-
Total support and revenue	<u>2,206,841</u>	<u>(6,540)</u>	<u>2,200,301</u>
EXPENSES			
Program services - shelters	762,531	-	762,531
Thrift stores	469,923	-	469,923
Management and general	25,761	-	25,761
Fundraising	51,526	-	51,526
Total expenses	<u>1,309,741</u>	<u>-</u>	<u>1,309,741</u>
Changes in net assets	897,100	(6,540)	890,560
Net assets, beginning of year	<u>861,888</u>	<u>6,540</u>	<u>868,428</u>
Net assets, end of year	<u>\$ 1,758,988</u>	<u>\$ -</u>	<u>\$ 1,758,988</u>

See Notes to Financial Statements.

THE GOOD SHEPHERD ALLIANCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Services	Thrift Store	Management and General	Fundraising	Total
Salaries	\$ 219,249	\$ 181,197	\$ 9,966	\$ 19,932	\$ 430,344
Payroll taxes and benefits	22,897	18,923	1,041	2,081	44,942
Total salaries, taxes and benefits	242,146	200,120	11,007	22,013	475,286
Advertising	418	1,895	19	38	2,370
Amortization	716	-	33	65	814
Automobile expenses	755	-	34	69	858
Bank charges	2,785	8,821	127	253	11,986
Insurance	26,466	6,517	1,203	2,406	36,592
Interest	86,527	-	3,428	6,857	96,812
Maintenance/repairs	33,600	11,609	1,527	3,055	49,791
Loss on disposal of fixed assets	1,389	-	63	126	1,578
Occupancy	12,439	183,996	565	1,131	198,131
Postage	4,679	1,636	213	425	6,953
Printing	12,197	1,229	554	1,109	15,089
Professional services	33,041	4,138	1,502	3,004	41,685
Specific assistance (including in-kind items \$172,914)	172,627	4,672	-	-	177,299
Supplies	14,773	8,013	671	1,345	24,802
Taxes	5,918	23,814	269	538	30,539
Training	959	128	44	87	1,218
Travel	3,890	621	177	354	5,042
Utilities	28,258	10,331	1,284	2,569	42,442
Vehicle assistance program	12,047	-	-	-	12,047
Total	453,484	267,420	11,713	23,431	756,048
Depreciation expense	66,901	2,383	3,041	6,082	78,407
Total expenses	\$ 762,531	\$ 469,923	\$ 25,761	\$ 51,526	\$ 1,309,741

See Notes to Financial Statements.

THE GOOD SHEPHERD ALLIANCE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows From Operating Activities

Change in net assets	\$ 890,560
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	79,221
Loss on disposal of fixed assets	1,578
Donated land	(700,000)
Donated fixed assets	(13,890)
Vehicle assistance program	12,047
Change in assets and liabilities	
Decrease in pledges receivable	103,039
(Increase) in grants receivable	(24,271)
Decrease in prepaid expenses/other	8,476
Decrease in security deposits	1,260
Increase in accounts payable and escrow deposits	787
(Decrease) in payroll liabilities	(1,506)
Net cash flow provided by operations	<u>357,301</u>

Cash Flows From Investing Activities

Proceeds on equipment sale	2,008
Purchases of property and equipment	(446,580)
Net cash (used in) investing activities	<u>(444,572)</u>

Cash Flows From Financing Activities

Principal payments on mortgage payable	(51,875)
Proceeds from bank note for Center of Hope	268,614
Net cash flows provided by financing activities	<u>216,739</u>

Net increase in cash 129,468

Cash and Cash Equivalents

Beginning of year	182,465
End of year	<u>\$ 311,933</u>

Supplement Disclosure of Cash Flow Information

Cash payments for interest	\$ 96,812
Donated vehicles and equipment in use for operations	<u>\$ 3,380</u>

See Notes to Financial Statements.

THE GOOD SHEPHERD ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Good Shepherd Alliance, Inc. (GSA) is organized to provide persons in need with clothes, food, shelter, counseling and other necessary and proper services. At all times, the assets of the corporation will be dedicated to charitable purposes as stated in its articles of incorporation.

Significant Accounting Policies

The Accounting and reporting policies of The Good Shepherd Alliance, Inc. conform to generally accepted accounting principles and reporting practices appropriate for nonprofit and voluntary health and welfare organizations.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers all financial instruments with a maturity of three months or less to be cash equivalents.

Contributions: Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realized value.

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 taxes: The Good Shepherd Alliance, Inc. was granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3) on May 28, 1993 effective December 4, 1991.

Donated time and materials: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received.

A substantial number of unpaid volunteers have made significant contributions of their time in the Organization's administrative and operating activities. The value of this donated time is not reflected in these financial statements in as much as no objective basis is available to measure the value of such services.

