

CHALLENGED BUT
REMAINING *Faithful*

See Inside

Program Department 2

Shepherds College 3

Shepherds Enterprises 4

Shepherds Resources 5

Volunteers 5

Facilities 6

Financial Report 7

President's Message

As I look over the challenges we faced during the past year, especially in the area of our finances, the following familiar words from Scripture in the book of Habakkuk came to mind:

"Though the fig tree does not bud and there are no grapes on the vines, though the olive crop fails and the fields produce no food, though there are no sheep in the pen and no cattle in the stalls, yet I will rejoice in the Lord, I will be joyful in God my Savior."

While we prayed and worked diligently to generate needed revenue and contributions, we fell short of our needs and expectations during the past fiscal year. However, we also learn from the above Scripture to praise Him in spite of our circumstances. You will note through reading the following reports from our various departments and divisions of Shepherds Ministries, God was faithful to assist us in not only maintaining our important ministry work to people with intellectual disabilities and their families, but also achieve several significant advancements for His honor and glory.

I want to extend a personal note of thanks to our board of directors, our administrative team and dedicated staff, our hard working volunteers, our generous donors, network of supporting churches and numerous ministry friends for their partnership and friendship during this past year. In spite of the challenges, God's many blessings as well as their encouragement has helped us remain faithful to the important work to which this ministry has been called to accomplish.

Seeking to communicate compassion,



Dr. William J. Amstutz
President...and still a servant



Program Department

CATALYST CONTINUES TO GROW

Catalyst has had another year of encouraging growth. In January, we added a new contractual client. Then, between June and August, six more contractual clients joined Catalyst. This brought the number of those served in the community to 47 with four of them living in Racine. However, two individuals have decided to leave the program and within the next month will no longer be receiving services from Catalyst.

It was exciting to watch as one of our clients was married and will soon be celebrating their first anniversary. There are now two married couples in the program.

One of our goals for the Catalyst group homes is that they be a stepping stone for those who may want to eventually live in the community. We work toward helping them develop and enhance the skills they need to live more independently. While this may not be the goal for everyone in the homes, it certainly was for one of our clients who is very excited to be moving into her new apartment. She can't wait to start a new chapter in her life with one of her closest friends who will be her roommate. We are not only excited for her but we are also excited to welcome a new individual who will also be moving into the home.

One of the most exciting and yet challenging things for the year was working toward getting one of our off campus group homes licensed so that

individuals desiring to live there would be eligible to receive additional funding. The process started in February, and the license was received at the end of June. We are currently in the process of applying to be providers so that families can apply for funding. There will be several options from which to choose. Pray with us as this new venture begins to unfold.

Our Endeavor program has seen some exciting changes within the past year. The kitchens were completed in Lamb Cottage, and the ladies are now cooking in these new facilities. They have been waiting for this for a long time and are very excited. All of those in our residential areas will now be helping to plan and prepare their own meals.

We also saw some difficult times over the past year. Two individuals went home to be with the Lord very unexpectedly. We lost David in

January. His family held his memorial service on our campus, and many loved ones were in attendance. We recently lost one of our long time Respite clients during one of his stays on campus. Several of us had the privilege to travel to Ohio for his memorial service which was a wonderful celebration of his life. It was such an honor to be included, and God's work was evident.

The Day Services Program continues to look for ways to serve others both on campus and in the community. They continue to enjoy and participate in the Tri-County Senior Olympics.

Looking ahead, we expect continued growth in Catalyst and hope that there is success in finding alternative funding for Endeavor which opens the door for smaller group home settings. Pray with us as we look to the future of our residential programs.



Our Catalyst clients lead full and independent lives.

Shepherds College

REPORT



College for a Week



*Jonathan and Nee Dow, third year
Shepherds College students*

Shepherds College (SC) continues to take advantage of opportunities to market and promote the school. Efforts are underway to create a new college website and logo along with a plan to utilize parent ambassadors as representatives of SC at local events. This recruiting year, our recruiters personally shared SC with more than twice the number of people as the previous year. Groups representing two Christian schools outside Wisconsin visited SC with the hope of determining a manner through which to offer a similar postsecondary opportunity in their areas.

The 2016-17 school-year opened with 62 students, 57 in the occupational program and five students enrolled in Ai

Academy. Our incoming class of first-year students totals 27, the largest incoming class ever at SC. We hosted our College for a Week camp experience in July and had 24 prospective students in attendance.

In November 2016, SC was granted full accreditation with COE (Council on Occupational Education) for a six-year term. Annual reports must be compiled and submitted to COE each December. The review team from COE determined our school to have zero findings, meaning that we met 100% of the 250 plus criteria. Less than 5% of schools going

through the accreditation process are determined to have zero findings on the first visit.

One student from New Hampshire is receiving NH state voc-rehab funds to help pay for SC, and this is due to the fact that SC is an accredited school. Similar programs in NH do not qualify for the same funding because they lack accreditation.

For the 2015-16 school year, we had our first offering of the Federal Work Study program to select students. This program has been initiated with modest student participation, and we hope to expand that in years to come to take advantage of the financial benefit this program offers.

On June 11, 2016 we held our seventh annual commencement. Seventeen graduated from the occupational tracks and two from Ai Academy. Dr. Russ Kinkade was our commencement speaker, and he delivered a wonderful challenge to our graduates.

Shepherds College received COE authorization to add a third specialty major — technology. This program has been added for the 2016-17 school-year. Student interest is high for this new major. We are offering select graduates of SC the opportunity to attend a 4th year and receive training in this new technology major. These alums serve as the initial technology class, providing the new instructor with a few students to serve as a test case for the instruction model as it is developed.

Students participated in the annual winter retreat in February. The theme for the retreat was TEAM, and numerous activities and events helped students learn the value and importance of TEAM. Students volunteered their time packing meals for needy children and, in a two-hour period, prepared enough meals to feed 39 children for an entire year.

The challenging work of placing our graduates in positions of gainful employment in their respective field of study continues to be met with success, with each program having an overall placement rate above 80%.



Hardworking employees of Shepherds Enterprises

Shepherds Enterprises

REPORT

In the fall of last year, the Lord provided Shepherds Enterprises with potential business from Vaportek, a company in Sussex, Wisconsin. That opportunity blossomed into an ongoing contract. We started working on a contracted job for them in October and have already delivered over seven million parts! The task is simple enough for many of our clients to handle and substantial enough for those who may be able to work at a faster pace to have plenty to do. We started an additional ongoing contract with them in September 2016.

We continue to travel on our LEAN journey and have been making many more improvements along the way. We are still improving on our processes and looking for ways to eliminate

waste. We have posted several of our improvement videos to our Facebook page, and we have more to come!

Over the past year we had many volunteers come from all over the USA to assist our staff in the workshop. We so appreciate the many volunteers that give of their time to serve with us. We are currently working to restructure the way volunteers help us in the workshop. In the past, we would have volunteers work on our assembly lines to increase production. Now we are beginning to have them train our people in vocational skill development. This will enable our client employees to stay sharp with their skills. We hope this will be a rewarding experience for those who volunteer as well.

This past year was our first in implementing our work-study program with Shepherds College. We had five student workers who would work an early evening shift at Shepherds Enterprises. These students were able to help tremendously with contracts. They were very flexible and able to jump right in wherever we needed to use them. We have two of these students returning to the program this year as well as three new students.

We are continuously blessed by our God, Jehovah-Jireh, the LORD who provides. He sends us the jobs that we need, and we trust that He will supply our needs exceedingly above all that we can ask or think.

Shepherds Resources

UPDATE:

The goal of Phase One for Shepherds Resources (SR) was to create foundational content in order to launch the site. Now that the site is live, we have been able to better evaluate the response of our original targeted audiences (parents, educators and ministry leaders). As a result of our initial analysis, we will now be focusing our efforts to one specific audience – educators. Doing so capitalizes on our area of greatest expertise and strengthens the potential referral

network for the College. While we are not abandoning the other targeted groups, we must prove successful with one in order to broaden our scope to a wider audience. One new component to the resources available on the site will be the addition of online “cohorts.” Cohorts are small groups of educators, meeting online for training, discussion and networking. This “face to face” cohort interaction is a key feature of the SR vision. We believe ministry flows out of relationship. Without relationship



Rachel visits the Shepherds Resources site at www.shepherdsresources.org.

there is no ministry, only a program. The anonymity of most online learning is both a benefit and a weakness. While many users like to access content anonymously and without commitment, some seek deeper understanding, counsel and instruction. It is this audience that SR seeks to engage.

Volunteers

Shepherds Friends groups are made up of high school students who love to serve. These students are full of enthusiasm and all the necessary energy to maximize on it. Each student is matched up with a “buddy,” a client or resident, for the week they are here. The student then shadows their buddy in all of his/her activities. There is excitement and anticipation on Monday as the buddies arrive in the Findley lobby to meet their friend for the first time. Midweek, when we sit and listen to them explain what they are learning from our clients and residents, we are overwhelmed by God’s sovereign choice of buddies for each one of them. Friday is a day of tearful goodbyes. The students are exhausted by the week’s challenges, but joyful and satisfied in the deep things learned and the relationships that were built. We are very thankful for the opportunity

to facilitate this wonderful program for God’s glory. If your church youth group would like to participate in our Shepherds Friends Program, please contact our Coordinator of Volunteers and Guest Services at Shepherds. In January, Shepherds held its second annual Farmers Appreciation Dinner. This is a relationship building event and valuable community outreach for Shepherds. The goal of this dinner was two-fold. Farmers are hard-working people from whom we all benefit greatly. We wanted to thank them for their contribution to the world and to us. Secondly, we noticed that Shepherds is well-known in certain churches all over America, but we are fairly unknown to our immediate neighbors. The dinner was created as an opportunity to reach our neighbors and have them get to know what we are all about. Farmers

tend to stay where they’re planted and therefore have a lasting impact on their communities. We wanted our good name to be a part of that impact.

God really blessed this event. The College students arranged centerpieces and made delicious desserts, the choir sang, residents and clients greeted guests and shared their testimonies. From this, we have received over \$42,000 in donated gifts, and hopefully friendships to last a lifetime.

We welcome and encourage volunteers and volunteer groups to visit Shepherds and join us in serving our residents, clients and students through this special ministry. In the past year, over 900 volunteers provided 10,440 hours of work contributing labor value estimated at over \$240,000. We are grateful and thankful for their valuable contribution and partnership.

Facilities

REPORT

In the Facilities Department of Shepherds, it is our responsibility to keep this most amazing and beautiful campus in good working order. By the grace of God and through the generosity of His people, we were able to accomplish this for yet another year. To God be the glory!



Campaign contributions provided new appliances for the Shepherds kitchen.



The new Lamb Cottage kitchens in progress

Unfortunately, to keep this wonderful place in good working order, it is also a very large part of our job to spend, spend, spend. During the past year we were able to accomplish several needed projects that were funded through Turning Point Campaign Phase II contributions. These included:

- Roof repair of the Wood Center
- Black top repair and top coat
- New appliances for the main kitchen
- Completion of kitchens in the Lamb Cottage
- New flooring in parts of the Wood Center
- Replacement of five more HVAC units
- Removal of five very large trees
- Installation of several security cameras
- Campus wide lighting project

The campus lighting project should pay for itself over time, and we were blessed with a donation of a 15 passenger van. As we reflect on all that was accomplished, we are reminded that our God is an awesome God.

It has been our prayer for quite some time (and we are reminded every time the Casting Crowns song plays) that God would help Shepherds thrive and not just survive. We have every confidence that this will be accomplished in His timing and illustrated by the following story from one of our staff members:

"Many years ago my wife and I were in the same boat as many people. Deep in credit card debt and living paycheck to paycheck. Our tithing was hit or miss at best. It was at this time we studied finances in our couples Bible study. We were reminded that everything we have belongs to God and that we are His stewards. We were encouraged to find contentment, live within our means and become debt free. We were also challenged to concentrate on building treasures in heaven by giving above and beyond the tithe (10%) to build God's kingdom here on earth.

Life is not perfect, but by the grace of God, today we are debt free, except for our house payment. We tithe well to our local church and help out with special projects. We support several ministries, missionaries and mission agencies as well as Shepherds."

If you are currently giving to Shepherds Ministries, **thank you!** Please continue to do so. If not, let us challenge you. We are praying for one thousand new donors to partner with Shepherds and provide a gift of \$50.00/month, but only after you have tithed to your local church. Please contact the Shepherds Foundation or visit our website at **www.shepherdsministries.org** and click on the giving tab. There you will find programs like Back to the Basics and Food for a Day to apply your valuable monthly gift. **Will you help Shepherds Ministries thrive?** Your generosity and partnership will be deeply appreciated.

Financial Report

2016 FINANCIAL DATA

From a financial perspective, it was a most challenging year for Shepherds Ministries. There was a reduction in revenue nearly across the board including a reduction in contributions which are so important to maintaining and expanding this ministry. In addition, we recorded a reduction in the value of some assets that were donated to Shepherds which also contributed to the reported deficit for the year.

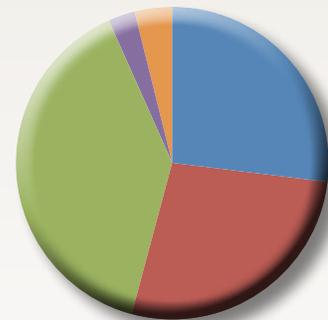
Even though we fell short of our revenue goals for the year, we remain thankful for so many faithful and dedicated ministry partners who provided over \$2.5 million in operational gift income and nearly \$183,000 in additional contributions in support of The Turning Point Campaign Phase II.

In response to last year's financial challenges, we will be making some changes and adjustments in our programs, ministry activities and staffing so that we may not only live within our means but also continue to make advancements as God would lead and provide. We ask all of our donors, ministry friends and supporting churches to continue their generous contributions to Shepherds through our various appeals, monthly giving programs and special gifts to our Turning Point Campaign effort. As always, we remind our ministry partners to **"remember their family, their church and Shepherds in their will and financial planning."**

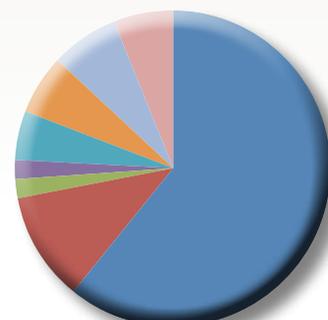
Income Statement

FISCAL YEAR ENDING 06/30/2016

REVENUE	Actual Dollar	Percent
■ Cost of Care	\$ 1,760,780	29%
■ Shepherds College	\$ 1,759,958	29%
■ Regular Operation Contributions	\$ 2,539,358	42%
■ Capital Campaign Contributions	\$ 182,790	3%
■ Permanently Restricted Contributions	\$ 0	0%
■ Shepherds Enterprises & Earned Income	\$ 255,110	4%
■ Other Revenue	\$ (391,043)	-6%
TOTAL REVENUE:	\$ 6,076,954	



EXPENSES	Actual Dollar	Percent
■ Staff Wages	\$ 4,401,454	61%
■ Staff Benefits	\$ 786,505	11%
■ Resident Wages	\$ 154,041	2%
■ Ministry Travel Expenses	\$ 119,693	2%
■ Supplies	\$ 376,124	5%
■ Professional Services, Printing & Postage	\$ 451,181	6%
■ Building Maintenance, Utilities, Insurance	\$ 471,031	7%
■ Depreciation	\$ 412,317	6%
■ Other	\$ 24,029	0%
TOTAL EXPENSES:	\$ 7,196,374	
NET SURPLUS (DEFICIT)	\$ (1,119,420)	





Ministry Leadership

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Mr. Tracy Terrill
Executive Director,
Shepherds College

Administrative Team

Mrs. Karyn Borucki
Controller

Mr. Bryan Edwards
Director of Shepherds
Enterprises

Ms. Michele McGarry
Program Administrator

Mr. David Slye
Facilities Administrator

Our Mission Shepherds exists to glorify Jesus Christ by supporting individuals with intellectual disabilities to reach their potential.

Our Vision It is our desire to be a pre-eminent provider of Christ-centered services for people with intellectual disabilities in order to encourage them in a personal and growing relationship with Jesus Christ and support them in reaching Appropriate Independence™.

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