

SHELTERS OF SARATOGA, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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JUNE 30, 2020 AND 2019

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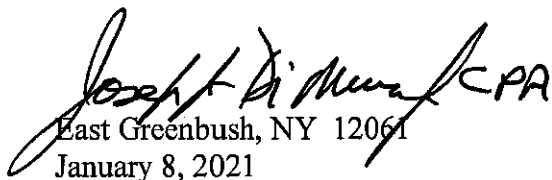
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shelters of Saratoga, Inc.
Saratoga Springs, New York 12866

I have audited the accompanying statements of financial position of the Shelters of Saratoga, Inc. as of June 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Shelters of Saratoga, Inc. as of June 30, 2020 and 2019 and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


East Greenbush, NY 12061
January 8, 2021

SHELTERS OF SARATOGA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash (Note E)	\$ 423,334	\$ 383,415
Cash-With Donor Restrictions (Note E)	391,157	187,333
Accounts Receivable-Net (Note D)	140,667	64,646
Grants Receivable	-	48,049
Prepaid Expenses	<u>23,940</u>	<u>22,124</u>
Total Current Assets	979,098	705,567
PROPERTY AND EQUIPMENT:		
Land and Land Improvements	20,500	20,500
Building and Improvements (Note I)	2,025,952	1,360,122
Equipment	251,024	231,869
Furniture and Fixtures	<u>36,479</u>	<u>36,479</u>
Total	2,333,955	1,648,970
Less: Accumulated Depreciation	<u>908,225</u>	<u>839,146</u>
Net Property and Equipment	<u>1,425,730</u>	<u>809,824</u>
TOTAL ASSETS	<u>\$2,404,828</u>	<u>\$1,515,391</u>

The Notes to Financial Statements are an Integral Part of this Page.

SHELTERS OF SARATOGA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 25,463	\$ 14,438
Current Portion of Notes Payable (Notes C,H&I)	847,213	13,500
Accrued Payroll	22,800	16,742
Security Deposits	4,134	3,253
Deferred Revenue	<u>42,823</u>	<u>28,993</u>
Total Current Liabilities	942,433	76,926
 Notes Payable (Notes C,H&I)	 <u>216,776</u>	 <u>232,673</u>
 TOTAL LIABILITIES	 1,159,209	 309,599
 NET ASSETS:		
Without Donor Restrictions	873,988	1,018,459
With Donor Restrictions	<u>371,631</u>	<u>187,333</u>
 TOTAL NET ASSETS	 <u>1,245,619</u>	 <u>1,205,792</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$2,404,828</u>	 <u>\$1,515,391</u>

The Notes to Financial Statements are an Integral Part of this Page.

SHELTERS OF SARATOGA, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUE:		
Grants	\$ 289,637	\$ 198,640
Contributions	85,974	61,625
Shelter Rent	233,867	284,390
Shelter Rent-112 Washington St.	20,976	20,318
Shelter Rent-128 Grand Ave.	22,246	24,244
Special Events/Fundraising	416,367	159,790
Capital Campaign	91,236	86,000
Interest Income	699	338
Other Income	3,445	-
Code Blue Saratoga Springs (Note K)	<u>484,494</u>	<u>352,786</u>
Total Support and Revenue	<u>1,648,941</u>	<u>1,188,131</u>
EXPENSES:		
Functional Expenses:		
Program	914,840	766,667
General and Administrative	107,126	195,148
Fundraising	<u>120,964</u>	<u>-</u>
Total Functional Expenses	1,142,930	961,815
Code Blue Saratoga Springs (Note K)	<u>466,184</u>	<u>208,632</u>
Total Expenses	<u>1,609,114</u>	<u>1,170,447</u>
INCREASE (DECREASE) IN NET ASSETS	39,827	17,684
NET ASSETS, BEGINNING OF YEAR	<u>1,205,792</u>	<u>1,188,108</u>
NET ASSETS, END OF YEAR	<u>\$1,245,619</u>	<u>\$1,205,792</u>

NOTE: The Notes to Financial Statements are an Integral Part of this Page.

SHELTERS OF SARATOGA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FROM JUNE 30, 2019)

	2020			2019	
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
EXPENSES:					
Salaries	\$460,966	\$ 57,083	\$ 71,658	\$ 589,707	\$566,930
Employee Benefits	18,168	3,652	9,234	31,054	50,010
Payroll Taxes	51,936	1,154	6,847	59,937	61,355
Retirement Contributions	1,113	-	1,147	2,260	2,952
Rent	123,900	16,500	-	140,400	-
Guest Assistance	8,937	-	-	8,937	3,393
Depreciation	69,079	-	-	69,079	58,443
Dues & Subscriptions	453	450	181	1,084	1,933
Equipment Lease & Maintenance	7,633	-	-	7,633	9,621
Insurance	26,958	2,808	2,042	31,808	38,646
Interest Expense	20,114	-	-	20,114	16,315
Office Expense	12,454	4,962	9,698	27,114	18,647
Payroll Processing Fees	-	3,691	-	3,691	4,856
Professional & Legal Fees	20,337	10,938	860	32,135	8,757
Outreach Program Expense	-	-	-	-	1,983
Repairs & Maintenance	20,502	2,058	-	22,560	23,935
Shelter Food Supplies	2,411	120	6,060	8,591	821
Shelter House Supplies	8,218	323	288	8,829	4,624
Fundraising	-	-	-	-	22,463
Telephone	873	-	-	873	6,224
Travel, Meals & Conferences	2,325	946	95	3,366	2,183
Utilities	25,032	-	-	25,032	27,204
Employee Screening	1,838	-	-	1,838	4,043
Bad Debt Expenses	28,861	-	-	28,861	23,551
Bank Service Charges	333	216	3,709	4,258	-
Printing and Reproduction	1,382	1,694	9,145	12,221	-
Other Expenses	<u>1,017</u>	<u>531</u>	<u>-</u>	<u>1,548</u>	<u>2,926</u>
Total Expenses	<u>\$914,840</u>	<u>\$107,126</u>	<u>\$120,964</u>	<u>\$1,142,930</u>	<u>\$961,815</u>

NOTE: The Notes to Financial Statements are an Integral Part of this Page.

SHELTERS OF SARATOGA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$39,827	\$17,684
Adjustments to reconcile increase (decrease) to net cash provided by operating activities:		
Depreciation	69,079	58,443
(Increase) Decrease in Accounts Receivable	(76,021)	160,099
(Increase) Decrease in Grants Receivable	48,049	(19,700)
(Increase) Decrease in Prepaid Expenses	(1,816)	(4,314)
Increase (Decrease) in Accounts Payable	11,025	8,036
Increase (Decrease) in Accrued Payroll	6,058	5,269
Increase (Decrease) in Security Deposits	881	478
Increase (Decrease) in Notes Payable	817,816	(13,208)
Increase (Decrease) in Deferred Revenue	<u>13,830</u>	<u>(11,725)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	928,728	201,062
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property & Equipment	<u>(684,985)</u>	<u>(1,868)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(684,985)</u>	<u>(1,868)</u>
NET INCREASE (DECREASE) IN CASH	243,743	199,194
CASH AT BEGINNING OF YEAR	<u>570,748</u>	<u>371,554</u>
CASH AT END OF YEAR	<u>\$814,491</u>	<u>\$570,748</u>

NOTE: The Notes to Financial Statements are an Integral Part of this Page.

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE A - NATURE OF ORGANIZATION

The financial statements include the accounts of the Shelters of Saratoga, Inc. and its wholly-owned subsidiaries Shelters of Saratoga Housing Development Fund Corporation and Washington Street Housing Development Fund Co., Inc.

The Organization is a not-for-profit human services agency located in Saratoga Springs, New York and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization provides temporary shelter to the homeless and impoverished. In addition, the Organization administers grants related to housing preservation, restoration and community renewal. The Organization's revenues primarily come from general public support, government grants and program fees.

Shelters of Saratoga Housing Development Fund Corporation and Washington Street Housing Development Fund Co., Inc. were incorporated to be holding corporations for the low-income housing projects completed by the Organization. Revenues will primarily be from rental income. All significant intercompany balances and transactions have been eliminated on consolidation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Organization are maintained and the accompanying financial statements are prepared on the accrual basis of accounting, which is in accordance with generally accepted accounting principles.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and Accounting Standards Update (ASU) No. 2016-14 dated August, 2016 and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide"). Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions, namely net assets without donor restrictions and net assets with donor restrictions.

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support.

Property and Equipment

Property and equipment are recorded at cost when purchased. Property and equipment, with an original cost of \$1,000 or greater, are capitalized when purchased. Repairs and maintenance are expensed and betterments that extend the life or capacity of the asset are capitalized. Depreciation is recorded on the straight-line basis.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Materials and Services

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with their purpose. The Organization also receives donations of food, personal items and household items which are passed through to the residents. There has been no income or expense recorded for their donations.

Date of Management's Review

Management has evaluated subsequent events through January 8, 2021 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Use of 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.

SHELTERS OF SARATOGA, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE C – NOTES PAYABLE

	<u>2020</u>	<u>2019</u>
Note payable to The Adirondack Trust Company, with monthly installments of \$638, including interest at 5.25% through December 2031, secured by property at 112 Washington Street.	\$ 65,936	\$ 69,929
Note payable to The Adirondack Trust Company, with monthly installments of \$587, including interest at 5.50% through June 2036, secured by property at 128 Grand Avenue.	74,678	77,795
Note payable to Saratoga National Bank, with monthly installments of \$925, including interest at 3.58% through March 2030, secured by property at 14 Walworth Street.	91,162	98,449
Note payable to Community Loan Fund of the Capital Region, Inc., with monthly interest-only installments at 4.5% through February 2021, secured by property at 73 Ballston Ave.	679,613	-
Note payable to The Adirondack Trust Company, with monthly installments beginning November 2020, including interest at 1.0% through April, 2022, pursuant to the Paycheck Protection Program created by the CARES Act.	152,600	-
Total Notes Payable	\$1,063,989	\$246,173
Less: Current Portion	<u>(847,213)</u>	<u>(13,500)</u>
Long-Term Portion	<u>\$216,776</u>	<u>\$232,673</u>

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable are stated net of an allowance for doubtful accounts. The Organization estimated the allowance for doubtful accounts based on a review and analysis of the balances that may not be collectible. Accounts are considered for write-off when it is determined that the probability of collection is remote. The allowance for doubtful accounts was \$15,500 at June 30, 2020 and \$0 at June 30, 2019.

NOTE E – CASH

The Organization's Cash at June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Operating Checking	\$387,404	\$22,315
Operating Reserves	-	40,064
Certificate of Deposit	29,511	-
Replacement Reserves	-	140,975
Capital Campaign	6,419	180,486
Security Deposits	<u>-</u>	<u>7,317</u>
	<u>\$423,334</u>	<u>\$391,157</u>

NOTE F – LIQUIDITY

The Organization has \$564,001 of current financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$423,334 and accounts receivables of \$140,667. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

SHELTERS OF SARATOGA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE G – RETIREMENT PLAN

The Organization maintains a SIMPLE IRA retirement plan qualified under Section 408(p) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization matches these contributions up to a maximum of 3% of their salaries. Total contributions to the plan for the years ended June 30, 2020 and 2019 were \$2,260 and \$2,952, respectively.

NOTE H – PAYCHECK PROTECTION PROGRAM LOAN

On April 16, 2020, the Organization was granted a loan from The Adirondack Trust Company in the amount of \$152,600 pursuant to the Paycheck Protection Program (the “PPP”) created by Section 1102 of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), which was enacted on March 27, 2020. The Loan matures on April 16, 2022 and bears interest at a rate of 1.0% per annum, payable monthly beginning November 16, 2020. The loan and accrued interest are forgivable as long as the Organization uses the loan proceeds for eligible purposes and qualifying expenses as described in the CARES Act, such as payroll, benefits, rent and utilities. The Organization intends to use the proceeds for purposes consistent with the PPP. Any portion of the loan that is forgiven in a subsequent year will be treated and reported as Grant Income.

NOTE I – SPA MOTEL

On March 6, 2020, the Organization purchased the Spa Motel, a 9-unit permanent efficiency apartment complex located at 73 Ballston Avenue, Saratoga Springs, NY to be used for single adults, couples or parent with a young child. The cost of the Spa Motel, including the purchase price of \$650,000 and related acquisition expenses of \$15,830, totaled \$665,830 and is secured by a term loan with Community Loan Fund of the Capital Region, Inc. with a maximum amount of \$750,000 and a maturity date of February 1, 2021. The balance of the loan at June 30, 2020 was \$679,613.

NOTE J – SOS BLUE HERON DEVELOPMENT II HOUSING DEVELOPMENT FUND

The Organization is the sole member of SOS Blue Heron Development II Housing Development Fund Company, Inc. (“SOS Blue Heron”), who is the co-managing member of Blue Heron Trail II, LLC, the beneficial owner of a 60-unit affordable housing project in the town of Ballston Spa, NY.

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE K – CODE BLUE SARATOGA SPRINGS

Code Blue Saratoga Springs (CBSS), which opened in December 2013, is an emergency shelter serving homeless people in the City of Saratoga Springs during periods of extreme winter weather. Shelters of Saratoga, Inc. served as the fiscal agent for CBSS through the year ended June 30, 2015. During the fiscal year ended June 30, 2016, CBSS became a standalone program of Shelters of Saratoga, Inc. The activity below is included in the statements of activity at June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Revenues:		
Government Funding	\$371,356	\$276,222
Contributions	108,138	70,064
Grants	<u>5,000</u>	<u>6,500</u>
Total Revenue	484,494	352,786
Expenditures:		
Salaries	240,937	153,860
Employee Benefits	7,020	-
Payroll Taxes	24,357	3,970
Rent	16,635	15,684
Fundraising/Programs	-	13,410
Office Expense	1,384	747
Repairs & Maintenance	137,664	-
Telephone	912	954
Bad Debt Expense	674	-
Utilities	3,819	-
Guest Assistance	1,776	-
Shelter Supplies	11,219	-
Travel, Meals & Conferences	450	-
Interest Expense	760	-
Employee Screening	1,557	-
Insurance	11,052	-
Bank Service Charges	293	-
Professional & Legal Fees	<u>5,675</u>	<u>20,007</u>
Total Expenditures	<u>466,184</u>	<u>208,632</u>
Net Income	<u>\$18,310</u>	<u>\$ 144,154</u>