

**SHELTERS OF SARATOGA, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

I have audited the accompanying financial statements of the Shelters of Saratoga, Inc. which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities and cash flows for the year 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

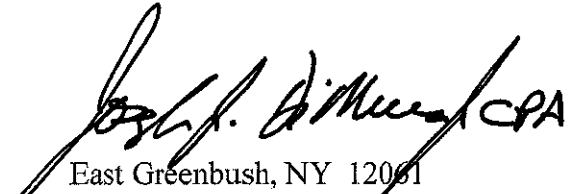
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**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, 2021 and 2020 and the changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

  
East Greenbush, NY 12061  
September 25, 2021

**SHELTERS OF SARATOGA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash (Note E)	\$ 251,818	\$ 423,334
Cash-With Donor Restrictions (Note E)	540,383	391,157
Investments (Note G)	630,998	-
Accounts Receivable-Net (Note D)	73,117	140,667
Prepaid Expenses	<u>36,614</u>	<u>23,940</u>
Total Current Assets	1,532,930	979,098
PROPERTY AND EQUIPMENT:		
Land and Land Improvements	20,500	20,500
Building and Improvements	2,074,936	2,025,952
Equipment	256,265	251,024
Furniture and Fixtures	<u>42,693</u>	<u>36,479</u>
Total	2,394,394	2,333,955
Less: Accumulated Depreciation	<u>1,011,426</u>	<u>908,225</u>
Net Property and Equipment	<u>1,382,968</u>	<u>1,425,730</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,915,898</u></b>	<b><u>\$2,404,828</u></b>

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

**SHELTERS OF SARATOGA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 14,670	\$ 25,463
Current Portion of Notes Payable (Notes C&J)	7,272	847,213
PPP Loan (Notes C&H)	152,600	-
Accrued Payroll	40,908	22,800
Security Deposits	4,664	4,134
Deferred Revenue	<u>-</u>	<u>42,823</u>
Total Current Liabilities	220,114	942,433
 Notes Payable (Notes C&J)	 <u>126,587</u>	 <u>216,776</u>
 TOTAL LIABILITIES	 346,701	 1,159,209
 NET ASSETS:		
Without Donor Restrictions	2,028,814	873,988
With Donor Restrictions	<u>540,383</u>	<u>371,631</u>
 TOTAL NET ASSETS	 <u>2,569,197</u>	 <u>1,245,619</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$2,915,898</u></b>	 <b><u>\$2,404,828</u></b>

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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>SUPPORT AND REVENUE:</b>		
Grants (Notes I, L-O)	\$ 1,653,511	\$ 774,131
Contributions	668,745	85,974
Shelter Rent	109,130	233,867
Shelter Rent-112 Washington St.	20,976	20,976
Shelter Rent-128 Grand Ave.	22,497	22,246
Special Events/Fundraising	298,833	416,367
Capital Campaign	13,634	91,236
Interest & Dividends	3,102	699
Net Unrealized Gain on Investments	33,010	-
Net Realized Gain on Sale of Investments/Assets	954	-
Other Income	<u>-</u>	<u>3,445</u>
Total Support and Revenue	<u>2,824,392</u>	<u>1,648,941</u>
<b>EXPENSES:</b>		
Functional Expenses:		
Program (Note I)	1,278,724	1,381,024
General and Administrative	98,879	107,126
Fundraising	<u>123,211</u>	<u>120,964</u>
Total Functional Expenses	<u>1,500,814</u>	<u>1,609,114</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,323,578	39,827
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,245,619</u>	<u>1,205,792</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$2,569,197</u>	<u>\$1,245,619</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, 2021  
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2020)**

	2021			2020	
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
<b>EXPENSES:</b>					
Salaries	\$ 766,010	\$39,590	\$ 84,004	\$ 889,604	\$ 589,707
Employee Benefits	26,610	1,376	2,918	30,904	31,054
Payroll Taxes	76,468	3,736	8,233	88,437	59,937
Retirement Contributions	4,959	173	2,254	7,386	2,260
Rent	21,080	-	-	21,080	140,400
Client Assistance	46,605	-	-	46,605	8,937
Depreciation	103,493	-	-	103,493	69,079
Dues & Subscriptions	459	465	526	1,450	1,084
Equipment Lease & Maintenance	11,260	-	-	11,260	7,633
Insurance	35,319	1,521	960	37,800	31,808
Interest Expense	35,115	-	-	35,115	20,114
Office Expense	25,002	3,012	12,585	40,599	27,114
Payroll Processing Fees	591	4,450	-	5,041	3,691
Professional & Legal Fees	22,942	42,357	5,589	70,888	32,135
Investment Management Fees	-	956	-	956	-
Repairs & Maintenance	28,935	-	-	28,935	22,560
Shelter Food Supplies	9,496	-	-	9,496	8,591
Shelter House Supplies	14,052	293	31	14,376	8,829
Property Taxes	2,363	-	-	2,363	-
Telephone	4,189	-	-	4,189	873
Travel, Meals & Conferences	3,950	-	-	3,950	3,366
Utilities	31,918	-	-	31,918	25,032
Employee Screening	410	213	-	623	1,838
Bad Debt Expense	200	-	-	200	28,861
Bank Service Charges	1,843	206	1,989	4,038	4,258
Printing and Reproduction	3,718	519	4,122	8,359	12,221
Other Expenses	<u>1,737</u>	<u>12</u>	<u>-</u>	<u>1,749</u>	<u>1,548</u>
Total Expenses	<u>\$1,278,724</u>	<u>\$98,879</u>	<u>\$123,211</u>	<u>\$1,500,814</u>	<u>\$1,142,930</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$1,323,578	\$39,827
Adjustments to reconcile increase (decrease) to net cash provided by operating activities:		
Depreciation	103,493	69,079
Net Realized & Unrealized (gains) losses on investments/assets	(33,964)	-
(Increase) Decrease in Accounts Receivable	67,550	(76,021)
(Increase) Decrease in Grants Receivable	-	48,049
(Increase) Decrease in Prepaid Expenses	(12,674)	(1,816)
Increase (Decrease) in Accounts Payable	(10,793)	11,025
Increase (Decrease) in Accrued Payroll	18,108	6,058
Increase (Decrease) in Security Deposits	530	881
Increase (Decrease) in Notes Payable	(930,130)	817,816
Increase (Decrease) in Deferred Revenue	<u>(42,823)</u>	<u>13,830</u>
<b>NET CASH PROVIDED (USED)         BY OPERATING ACTIVITIES</b>	482,875	928,728
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property & Equipment	(60,439)	(684,985)
Purchase of Investments	(634,516)	-
Proceeds from Sale of Investments	<u>37,190</u>	<u>-</u>
<b>NET CASH PROVIDED (USED)         BY INVESTING ACTIVITIES</b>	<u>(657,765)</u>	<u>(684,985)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP Loan	<u>152,600</u>	<u>-</u>
<b>NET CASH PROVIDED (USED)         BY FINANCING ACTIVITIES</b>	<u>152,600</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(22,290)	243,743
<b>CASH AT BEGINNING OF YEAR</b>	<u>814,491</u>	<u>570,748</u>
<b>CASH AT END OF YEAR</b>	<u>\$792,201</u>	<u>\$814,491</u>

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

**SHELTERS OF SARATOGA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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, basic needs, and services to people who are homeless or need support to remain housed. The Organization's revenues primarily come from 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, 2021 AND 2020**

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 September 25, 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, 2021 AND 2020**

**NOTE C – NOTES PAYABLE**

	<u>2021</u>	<u>2020</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.	\$ 62,133	\$ 65,936
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.	71,726	74,678
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
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
Note payable to The Adirondack Trust Company, with monthly installments beginning January 2022, including interest at 1.0% through January, 2026, pursuant to the Paycheck Protection Program created by the CARES Act.	<u>152,600</u>	<u>-</u>
Total Notes Payable	\$286,459	\$1,063,989
Less: Current Portion	<u>(159,872)</u>	<u>(847,213)</u>
Long-Term Portion	<u>\$126,587</u>	<u>\$216,776</u>

**SHELTERS OF SARATOGA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**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 \$3,254 at June 30, 2021 and \$11,550 at June 30, 2020.

**NOTE E – CASH**

The Organization’s Cash at June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Operating Checking	\$221,793	\$159,535
Operating Reserves	-	46,043
Certificate of Deposit	30,025	-
Replacement Reserves	-	146,465
Capital Campaign	-	180,486
Security Deposits	<u>-</u>	<u>7,854</u>
	<u>\$251,818</u>	<u>\$540,383</u>

**NOTE F – LIQUIDITY**

The Organization has \$955,933 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 \$251,818, investments of \$630,998 and accounts receivables of \$73,117. 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, 2021 AND 2020

#### **NOTE G - INVESTMENTS**

The Organization has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value on a recurring basis at Level 1 inputs (see below) and amounted to \$630,998 in the statement of financial position. Net realized gains on sale of investments was \$812 and net unrealized gains on investments was \$33,010 and are included in the statement of activities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification (ASC) 820. Fair value is required to be evaluated and adjusted according to the following valuation techniques:

*Level 1* – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

*Level 2* – Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

*Level 3* – Fair value is determined using unobservable market prices in a market that is typically inactive.

#### **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 was set to mature on April 16, 2022 with interest at a rate of 1.0% per annum. On January 27, 2021, the Organization was granted an additional PPP loan from The Adirondack Trust Company under similar terms, also in the amount of \$152,600. 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 did in fact use the proceeds for purposes consistent with the PPP terms for both of the loans. On February 11, 2021, the first PPP loan of \$152,600 was forgiven and included in Grants in the Statement of Activities as of June 30, 2021. The Organization has applied for forgiveness for the second PPP loan of \$152,600 in September, 2021 and fully expects forgiveness in full for that amount. As a result, this amount will be recorded as Grant income in the next fiscal year.

## **SHELTERS OF SARATOGA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

#### **NOTE I – CODE BLUE SARATOGA SPRINGS**

The Organization operates the state-mandated Code Blue winter emergency shelter program in Saratoga County. The emergency shelter operates when the temperature drops below 32 degrees, and provides overnight shelter and dinner for people facing homelessness. Funds received in 2021 from Saratoga County were \$267,753.

In 2021, Code Blue program revenue and expenses have been incorporated into 2021 grants and program expenses, respectively. Corresponding amounts for the prior year financial statements were re-categorized to conform to the presentation in the current year statements for comparative purposes. The overall re-categorization had no impact on previously reported net income or cash flows.

#### **NOTE J – 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 a 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 was 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 was paid off in March, 2021 with funds received from a Homeless Housing and Assistance (“HHAP”) grant.

#### **NOTE K – 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, 2021 and 2020 were \$7,386 and \$2,260, respectively.

**SHELTERS OF SARATOGA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE L – HHAP-HOMELESS HOUSING AND ASSISTANCE PROGRAM**

On March 11, 2021, the Organization received a Homeless Housing and Assistance Program (“HHAP”) grant from the NYS Homeless Housing and Assistance Corporation totaling \$3.4 million dollars. The grant funds assisted with the purchase of property at 73-75 Ballston Ave, renovation of the facility into nine supportive housing units and the remodeling of the shelter properties located at 14-20 Walworth St. In March and May, 2021, the Organization received the first proceeds from the grant totaling \$792,569. With these funds, \$670,877 was used to pay off the note payable with the Community Loan Fund of the Capital Region, Inc. secured by the property at 73-75 Ballston Ave., \$85,490 was used to pay off the note payable with Saratoga National Bank secured by the property at 14 Walworth St., and \$36,202 was used for design development and architectural costs for 14-20 Walworth St. and 73-75 Ballston Ave.

**NOTE M – ERAP-EMERGENCY RENTAL ASSISTANCE PROGRAM**

In April, 2021, the Organization entered into an agreement with Saratoga County to provide application assistance to tenants and landlords applying for funds through the New York State sponsored ERAP portal. During the fiscal year, the Organization received \$35,896 in funds.

**NOTE N – ESG-CARES ACT EMERGENCY SERVICES GRANT**

In November, 2021, the Organization entered into an agreement with CAPTAIN Community Human Services to serve as a subcontractor in a CARES Act Emergency Services Grant (ESG) totaling \$113,670. The grant proceeds provide assistance for individuals and families who are homeless or at-risk of homelessness. The Organization is contracted to provide street outreach services, emergency shelter and rapid rehousing.

**NOTE O – MOTHER CABRINI HEALTH FOUNDATION**

The Organization was awarded funds from the Mother Cabrini Health Foundation of \$170,000 to support and expand the Street Outreach program beginning on January 1, 2021. In addition to funding existing salaries and operations, the grant provided for the addition of a full-time outreach worker who provides case management and housing assistance to people who are unsheltered or need support to remain in housing.