

SHELTERS OF SARATOGA, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the Shelters of Saratoga, Inc. which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities and change in net assets and cash flows for the years then ended and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Shelters of Saratoga, Inc. and to meet my other ethical responsibilities in accordance with the relevant requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shelters of Saratoga, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

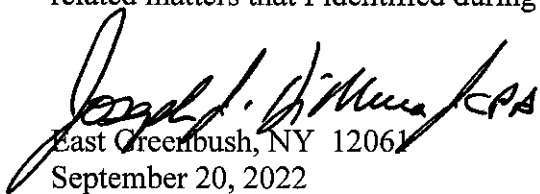
Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Shelters of Saratoga, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shelters of Saratoga, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.


East Greenbush, NY 12061
September 20, 2022

SHELTERS OF SARATOGA, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash (Note E)	\$ 486,242	\$ 251,818
Cash-With Donor Restrictions (Note E)	439,071	540,383
Investments (Note G)	856,375	630,998
Accounts Receivable-Net (Note D)	138,619	73,117
Prepaid Expenses	<u>9,996</u>	<u>36,614</u>
Total Current Assets	1,930,303	1,532,930
PROPERTY AND EQUIPMENT:		
Land and Land Improvements	20,500	20,500
Building and Improvements	2,169,327	2,074,936
Equipment	259,245	256,265
Furniture and Fixtures	<u>46,769</u>	<u>42,693</u>
Total	2,495,841	2,394,394
Less: Accumulated Depreciation	<u>1,087,388</u>	<u>1,011,426</u>
Net Property and Equipment	<u>1,408,453</u>	<u>1,382,968</u>
TOTAL ASSETS	<u>\$3,338,756</u>	<u>\$2,915,898</u>

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

SHELTERS OF SARATOGA, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 5,591	\$ 14,670
Current Portion of Notes Payable (Note C)	7,620	7,272
PPP Loan (Notes C & H)	-	152,600
Accrued Payroll	28,985	40,908
Security Deposits	3,626	4,664
Deferred Revenue	<u>8,813</u>	<u>-</u>
Total Current Liabilities	54,635	220,114
 Notes Payable (Note C)	 <u>118,253</u>	 <u>126,587</u>
 TOTAL LIABILITIES	 172,888	 346,701
 NET ASSETS:		
Without Donor Restrictions	2,726,797	2,028,814
With Donor Restrictions	<u>439,071</u>	<u>540,383</u>
 TOTAL NET ASSETS	 <u>3,165,868</u>	 <u>2,569,197</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$3,338,756</u>	 <u>\$2,915,898</u>

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SHELTERS OF SARATOGA, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUE:		
Grants (Notes I, L-O)	\$1,224,140	\$1,653,511
Contributions	630,260	668,745
Shelter Rent	143,815	109,130
Shelter Rent-112 Washington St.	20,439	20,976
Shelter Rent-128 Grand Ave.	23,690	22,497
Special Events/Fundraising	399,180	298,833
Capital Campaign	-	13,634
Interest & Dividends	16,141	3,102
Net Unrealized Gain (Loss) on Investments	(115,492)	33,010
Net Realized Gain (Loss) on Sale of Investments/Assets	<u>(10,265)</u>	<u>954</u>
Total Support and Revenue	<u>2,331,908</u>	<u>2,824,392</u>
 EXPENSES:		
Functional Expenses:		
Program	1,505,286	1,278,724
General and Administrative	101,979	98,879
Fundraising	<u>127,972</u>	<u>123,211</u>
Total Functional Expenses	<u>1,735,237</u>	<u>1,500,814</u>
Total Expenses	<u>1,735,237</u>	<u>1,500,814</u>
 INCREASE (DECREASE) IN NET ASSETS	 596,671	 1,323,578
NET ASSETS, BEGINNING OF YEAR	<u>2,569,197</u>	<u>1,245,619</u>
NET ASSETS, END OF YEAR	<u>\$3,165,868</u>	<u>\$2,569,197</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, 2022
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2021)**

	2022			2021	
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
EXPENSES:					
Salaries	\$ 958,328	\$ 69,680	\$ 75,617	\$1,103,625	\$ 889,604
Employee Benefits	28,192	-	6,288	34,480	30,904
Payroll Taxes	88,718	5,977	6,932	101,627	88,437
Retirement Contributions	10,045	1,245	1,697	12,987	7,386
Rent	46,750	-	-	46,750	21,080
Client Assistance	91,565	-	-	91,565	46,605
Depreciation	75,961	-	-	75,961	103,493
Dues & Subscriptions	600	480	-	1,080	1,450
Equipment Lease & Maintenance	6,356	125	-	6,481	11,260
Insurance	55,337	3,811	3,403	62,551	37,800
Interest Expense	7,397	-	-	7,397	35,115
Office Expense	16,650	3,171	11,851	31,672	40,599
Payroll Processing Fees	3,358	2,765	151	6,274	5,041
Professional & Legal Fees	12,786	3,776	2,034	18,596	70,888
Investment Management Fees	-	5,965	-	5,965	956
Repairs & Maintenance	17,966	242	-	18,208	28,935
Food Supplies	15,314	78	9,268	24,660	9,496
Supplies	12,442	16	385	12,843	14,376
Property Taxes	-	-	-	-	2,363
Telephone	8,112	364	665	9,141	4,189
Travel, Meals & Conferences	6,102	127	51	6,280	3,950
Utilities	38,615	2,549	2,248	43,412	31,918
Employee Screening	114	-	-	114	623
Bad Debt Expense	2,986	-	-	2,986	200
Bank Service Charges	420	156	2,182	2,758	4,038
Printing and Reproduction	1,138	1,222	5,200	7,560	8,359
Other Expenses	34	230	-	264	1,749
Total Expenses	<u>\$1,505,286</u>	<u>\$101,979</u>	<u>\$127,972</u>	<u>\$1,735,237</u>	<u>\$1,500,814</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$596,671	\$1,323,578
Adjustments to reconcile increase (decrease) to net cash provided by operating activities:		
Depreciation	75,961	103,493
Net Realized & Unrealized (gains) losses on investments/assets	125,757	(33,964)
(Increase) Decrease in Accounts Receivable	(65,502)	67,550
(Increase) Decrease in Prepaid Expenses	26,618	(12,674)
Increase (Decrease) in Accounts Payable	(9,071)	(10,793)
Increase (Decrease) in Accrued Payroll	(11,923)	18,108
Increase (Decrease) in Security Deposits	(1,038)	530
Increase (Decrease) in Notes Payable	(160,586)	(930,130)
Increase (Decrease) in Deferred Revenue	<u>8,813</u>	<u>(42,823)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	585,700	482,875
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property & Equipment	(101,447)	(60,439)
Purchase of Investments	(526,828)	(634,516)
Proceeds from Sale of Investments	<u>175,687</u>	<u>37,190</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(452,588)</u>	<u>(657,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from PPP Loan	<u>-</u>	<u>152,600</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>152,600</u>
NET INCREASE (DECREASE) IN CASH	133,112	(22,290)
CASH AT BEGINNING OF YEAR	<u>792,201</u>	<u>814,491</u>
CASH AT END OF YEAR	<u>\$925,313</u>	<u>\$792,201</u>

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

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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 and case management services to the homeless and impoverished. In addition, the Organization operates 14 supportive housing units which provide low cost, permanent housing and case management services to at-risk individuals in Saratoga Springs. 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, 2022 AND 2021

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 20, 2022 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, 2022 AND 2021

NOTE C – NOTES PAYABLE

	<u>2022</u>	<u>2021</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.	\$ 57,271	\$ 62,133
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.	68,602	71,726
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>-</u>	<u>152,600</u>
Total Notes Payable	\$125,873	\$286,459
Less: Current Portion	<u>(7,620)</u>	<u>(159,872)</u>
Long-Term Portion	<u>\$118,253</u>	<u>\$126,587</u>

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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 \$529 at June 30, 2022 and \$3,254 at June 30, 2021.

NOTE E – CASH

The Organization's Cash at June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Operating Checking	\$486,242	\$47,889
Operating Reserves	-	55,023
Replacement Reserves	-	152,058
Capital Campaign	-	180,486
Security Deposits	-	3,615
	<u>\$486,242</u>	<u>\$439,071</u>

NOTE F – LIQUIDITY

The Organization has \$1,481,236 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 \$486,242, investments of \$856,375 and accounts receivables of \$138,619. 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, 2022 AND 2021

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 \$856,375 in the statement of financial position. Net realized gains (losses) on sale of investments was \$(10,265) and net unrealized gains (losses) on investments was \$(115,492) 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. On October 7, 2021, the second PPP loan of \$152,600 was forgiven and included in Grants in the Statement of Activities as of June 30, 2022.

SHELTERS OF SARATOGA, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE I – CODE BLUE SHELTER

The Code Blue Shelter, opened in December 2013, is a New York State mandated emergency shelter serving homeless people in Saratoga County when the real-feel temperature drops below 32 degrees. Funded through the New York State Office of Temporary and Disability Assistance and private contributors, Shelters of Saratoga operates Code Blue in partnership with the County of Saratoga.

NOTE J – 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 by the Organization for the years ended June 30, 2022 and 2021 were \$12,987 and \$7,386, respectively.

NOTE K – 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.

SHELTERS OF SARATOGA, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE L – 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. Total funds received for the years ended June 30, 2022 and 2021 were \$216,806 and \$35,896, respectively.

NOTE M – 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. In March, 2022, the Organization received an additional \$213,836 of ESG funding. 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 N–NYSSHP-NEW YORK STATE SUPPORTIVE HOUSING PROGRAM GRANT

In January, 2022, the Organization was awarded a five year grant totaling \$189,600 (\$37,920 annually) to fund supportive services for 14 residents housed in apartments at 128 Grand Ave, 112 Washington St. and 1 Franklin Square.