

SHELTERS OF SARATOGA, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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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, 2023 and 2022 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, 2023 and 2022, 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.

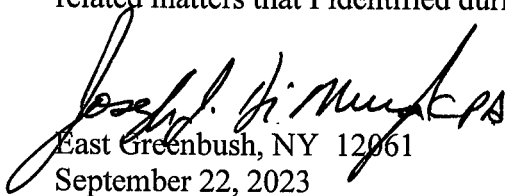
Auditor's Responsibility for the Audit of the Financial Statements

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.


Joseph J. Murphy, CPA
East Greenbush, NY 12061
September 22, 2023

SHELTERS OF SARATOGA, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash (Note E)	\$ 400,513	\$ 486,242
Cash-With Donor Restrictions (Note E)	486,062	439,071
Investments (Note G)	923,662	856,375
Accounts Receivable-Net (Note D)	253,587	138,619
Prepaid Expenses	<u>26,231</u>	<u>9,996</u>
Total Current Assets	2,090,055	1,930,303
PROPERTY AND EQUIPMENT:		
Land and Land Improvements	20,500	20,500
Building and Improvements	2,379,436	2,169,327
Equipment	272,539	259,245
Furniture and Fixtures	<u>49,994</u>	<u>46,769</u>
Total	2,722,469	2,495,841
Less: Accumulated Depreciation	<u>1,164,905</u>	<u>1,087,388</u>
Net Property and Equipment	<u>1,557,564</u>	<u>1,408,453</u>
TOTAL ASSETS	<u>\$3,647,619</u>	<u>\$3,338,756</u>

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

SHELTERS OF SARATOGA, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 128,024	\$ 5,591
Current Portion of Notes Payable (Note C)	8,280	7,620
Accrued Payroll	31,373	28,985
Security Deposits	3,865	3,626
Deferred Revenue	<u>125</u>	<u>8,813</u>
Total Current Liabilities	171,667	54,635
 Notes Payable (Note C)	 <u>109,515</u>	 <u>118,253</u>
 TOTAL LIABILITIES	 281,182	 172,888
 NET ASSETS:		
Without Donor Restrictions	2,844,538	2,726,797
With Donor Restrictions	<u>521,899</u>	<u>439,071</u>
 TOTAL NET ASSETS	 <u>3,366,437</u>	 <u>3,165,868</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$3,647,619</u>	 <u>\$3,338,756</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUE:		
Grants (Notes H-I, K-N)	\$983,876	\$1,224,140
Contributions	89,846	630,260
Shelter Rent	231,963	143,815
Shelter Rent-112 Washington St.	19,126	20,439
Shelter Rent-128 Grand Ave.	21,602	23,690
Special Events/Fundraising	343,367	399,180
Health Home Revenue (Note O)	18,950	-
Interest & Dividends	29,152	16,141
Net Unrealized Gain (Loss) on Investments	63,382	(115,492)
Net Realized Gain (Loss) on Sale of Investments/Assets	<u>3,406</u>	<u>(10,265)</u>
Total Support and Revenue	<u>1,804,670</u>	<u>2,331,908</u>
 EXPENSES:		
Functional Expenses:		
Program	1,307,329	1,505,286
General and Administrative	130,164	101,979
Fundraising	<u>166,608</u>	<u>127,972</u>
Total Functional Expenses	<u>1,604,101</u>	<u>1,735,237</u>
Total Expenses	<u>1,604,101</u>	<u>1,735,237</u>
 INCREASE (DECREASE) IN NET ASSETS	 200,569	 596,671
NET ASSETS, BEGINNING OF YEAR	<u>3,165,868</u>	<u>2,569,197</u>
NET ASSETS, END OF YEAR	<u><u>\$3,366,437</u></u>	<u><u>\$3,165,868</u></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, 2023
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2022)**

	2023			2022	
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
EXPENSES:					
Salaries	\$ 802,778	\$ 87,318	\$ 103,261	\$ 993,357	\$1,103,625
Employee Benefits	20,936	7,122	7,544	35,602	34,480
Payroll Taxes	74,404	7,968	9,369	91,741	101,627
Retirement Contributions	8,315	2,580	2,058	12,953	12,987
Rent	83,759	-	-	83,759	46,750
Client Assistance	23,483	-	-	23,483	91,565
Depreciation	76,522	995	-	77,517	75,961
Dues & Subscriptions	1,486	480	-	1,966	1,080
Equipment Lease & Maintenance	5,281	288	288	5,857	6,481
Insurance	57,722	4,707	4,280	66,709	62,551
Interest Expense	6,631	-	-	6,631	7,397
Office Expense	12,799	2,716	9,821	25,336	31,672
Payroll Processing Fees	5,596	524	415	6,535	6,274
Professional & Legal Fees	15,271	1,994	2,544	19,809	18,596
Investment Management Fees	-	8,010	-	8,010	5,965
Repairs & Maintenance	25,457	42	-	25,499	18,208
Food Supplies	12,306	84	17,855	30,245	24,660
Supplies	9,892	320	111	10,323	12,843
Telephone	4,886	265	359	5,510	9,141
Travel, Meals & Conferences	1,800	498	-	2,298	6,280
Utilities	41,650	2,619	2,465	46,734	43,412
Employee Screening	-	-	-	-	114
Bad Debt Expense	15,741	-	-	15,741	2,986
Bank Service Charges	150	222	2,508	2,880	2,758
Printing and Reproduction	442	779	3,730	4,951	7,560
Other Expenses	22	633	-	655	264
	<u>\$1,307,329</u>	<u>\$130,164</u>	<u>\$166,608</u>	<u>\$1,604,101</u>	<u>\$1,735,237</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$200,569	\$596,671
Adjustments to reconcile increase (decrease) to net cash provided by operating activities:		
Depreciation	77,517	75,961
Net Realized & Unrealized (gains) losses on investments/assets	(66,788)	125,757
(Increase) Decrease in Accounts Receivable	(114,968)	(65,502)
(Increase) Decrease in Prepaid Expenses	(16,235)	26,618
Increase (Decrease) in Accounts Payable	122,433	(9,071)
Increase (Decrease) in Accrued Payroll	2,388	(11,923)
Increase (Decrease) in Security Deposits	239	(1,038)
Increase (Decrease) in Notes Payable	(8,078)	(160,586)
Increase (Decrease) in Deferred Revenue	<u>(8,688)</u>	<u>8,813</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	188,389	585,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property & Equipment	(226,628)	(101,447)
Purchase of Investments	(64,057)	(526,828)
Proceeds from Sale of Investments	<u>63,558</u>	<u>175,687</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(227,127)</u>	<u>(452,588)</u>
NET INCREASE (DECREASE) IN CASH	(38,738)	133,112
CASH AT BEGINNING OF YEAR	<u>925,313</u>	<u>792,201</u>
CASH AT END OF YEAR	<u>\$886,575</u>	<u>\$925,313</u>

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

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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 11 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, 2023 AND 2022

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 19, 2023 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, 2023 AND 2022

NOTE C – NOTES PAYABLE

	<u>2023</u>	<u>2022</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.	\$ 52,518	\$ 57,271
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.	<u>65,277</u>	<u>68,602</u>
Total Notes Payable	\$117,795	\$125,873
Less: Current Portion	<u>(8,280)</u>	<u>(7,620)</u>
Long-Term Portion	<u>\$109,515</u>	<u>\$118,253</u>

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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 \$2,155 at June 30, 2023 and \$529 at June 30, 2022.

NOTE E – CASH

The Organization's Cash at June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Operating Checking	\$400,513	\$79,329
Operating Reserves	-	64,425
Replacement Reserves	-	157,656
Capital Campaign	-	180,486
Security Deposits	-	4,166
	<u>\$400,513</u>	<u>\$486,062</u>

NOTE F – LIQUIDITY

The Organization has \$1,577,762 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 \$400,513, investments of \$923,662 and accounts receivables of \$253,587. 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, 2023 AND 2022

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 \$923,662 in the statement of financial position. Net realized gains (losses) on sale of investments was \$3,406 and net unrealized gains (losses) on investments was \$63,382 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 January 27, 2021, the Organization was granted a second PPP 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 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. 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, 2023 AND 2022

NOTE I – CODE BLUE SHELTER

The Code Blue Shelter, opened in December 2013, is a New York State mandated emergency shelter serving individuals facing homelessness 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, 2023 and 2022 were \$12,953 and \$12,987, 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 (“HHAC”) 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. On February 28, 2023, the grant was increased to \$4,333,513 to cover increased costs of construction. In April 2023, preliminary work was started on the project in advance of entering the final award with HHAC. Grant funds due to the agency resulting from expenses incurred total \$182,051 and are reflected in accounts receivable.

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, 2023 and 2022 were \$29,093 and \$216,806, respectively. The program ended in October 2022.

SHELTERS OF SARATOGA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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 experiencing homelessness or are at-risk of homelessness. The Organization is contracted to provide street outreach services, emergency shelter and rapid rehousing. Total funds received for the years ending June 30, 2023 and 2022 were \$73,709 and \$210,020 respectively. The funding ended in September 2022.

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 in Saratoga Springs, NY. Total funds received for the years ended June 30, 2023 and 2022 were \$39,048 and \$18,960, respectively.

NOTE O–HEALTH HOME PROGRAM

In March 2023, Shelters of Saratoga became a NYS Health Home (NYSHH) provider through Adirondack Health Institute (AHI), which offers ongoing care management services to eligible Medicaid enrollees with a chronic health condition. The goal of Health Home is to stabilize/manage a participant’s chronic condition to avoid burdening the health care system. The Health Home program offers the following services: comprehensive assessments, goal setting, healthcare management, and housing stabilization. Participation in the NYSHH program is voluntary.