

SHELTER FOR THE HOMELESS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

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HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

STAMFORD, CONNECTICUT

NEW CANAAN, CONNECTICUT

INDEPENDENT AUDITORS' REPORT

Rafael Pagan, Jr.
Shelter for the Homeless, Inc.
137 Henry Street, Suite 205
P.O. Box 1252
Stamford, CT 06901

Report on the Financial Statements

We have audited the accompanying financial statements of Shelter for the Homeless, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we 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 judgment, 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Shelter for the Homeless, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter for the Homeless, Inc., as of June 30, 2015 and 2014, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2015, on our consideration of Shelter for the Homeless, Inc.'s, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Shelter for the Homeless, Inc.'s, internal control over financial reporting and compliance.

Haims, Buzzo + Company, P.C.

Certified Public Accountants

Stamford, CT
October 2, 2015

SHELTER FOR THE HOMELESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash and Cash Equivalents	\$ 401,348	\$ 513,736
Grants Receivable	2,833,401	91,874
Other Receivable	23,933	35,538
Prepaid Expenses	23,198	39,195
Short Term Investments	3,948	10,826
Mortgage Costs – Net	20,282	19,250
Land, Building, and Equipment, Net	5,853,259	5,013,244
<u>TOTAL ASSETS</u>	<u>\$ 9,159,369</u>	<u>\$ 5,723,663</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 230,701	\$ 68,408
Deferred Revenue and Refundable Deposits	2,876,739	90,368
Notes Payable	2,625,702	2,039,470
<u>Total Liabilities</u>	<u>\$ 5,733,142</u>	<u>\$ 2,198,246</u>
 <u>Unrestricted Net Assets</u>		
Undesignated	(107,373)	207,457
Net Investment in Land, Building and Equipment	3,347,473	3,093,024
<u>Total Unrestricted Net Assets</u>	<u>3,240,100</u>	<u>3,300,481</u>
Temporarily Restricted	186,127	224,936
<u>TOTAL NET ASSETS</u>	<u>3,426,227</u>	<u>3,525,417</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 9,159,369</u>	<u>\$ 5,723,663</u>

See accompanying notes and independent auditors' report.

SHELTER FOR THE HOMELESS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30,

EXHIBIT "B"

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Grants and Fees from Governmental agencies	\$ 1,000,116	\$ -	\$ 1,000,116	\$ 1,046,510	\$ -	\$ 1,046,510
Rental Income	200,755	-	200,755	172,942	-	172,942
Contributions received directly	825,564	-	825,564	824,983	63,500	888,483
Contributions received through United Way agencies	84,091	-	84,091	71,000	-	71,000
In-Kind Contributions	191,124	-	191,124	285,299	-	285,299
Special events, net of expenses of \$79,609 and \$74,701	610,367	-	610,367	589,383	-	589,383
Investment Return	-	-	-	3,349	-	3,349
Miscellaneous Income	7,648	-	7,648	4,549	-	4,549
Net assets released from restrictions	38,809	(38,809)	-	31,356	(31,356)	-
Total Public Support and Revenue	2,958,474	(38,809)	2,919,665	3,029,371	32,144	3,061,515
EXPENSES						
Program Services:						
Emergency Shelter	1,823,534	-	1,823,534	1,691,113	-	1,691,113
Permanent Housing	486,062	-	486,062	266,162	-	266,162
Housing Development	184,937	-	184,937	265,630	-	265,630
Total Program Services	2,494,533	-	2,494,533	2,222,905	-	2,222,905
Supporting Services:						
Management and General	296,657	-	296,657	228,144	-	228,144
Fundraising	227,665	-	227,665	209,063	-	209,063
Total Supporting Services	524,322	-	524,322	437,207	-	437,207
Total Expenses	3,018,855	-	3,018,855	2,660,112	-	2,660,112
Change in Net Assets	(60,381)	(38,809)	(99,190)	369,259	32,144	401,403
NET ASSETS						
Beginning of Year	3,300,481	224,936	3,525,417	2,931,222	192,792	3,124,014
End of Year	3,240,100	186,127	3,426,227	3,300,481	224,936	3,525,417

See accompanying notes and independent auditors' report.

SHELTER FOR THE HOMELESS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

EXHIBIT "C"

	<u>Emergency Shelter</u>	<u>Permanent Housing</u>	<u>Housing Development</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fund Raisins</u>	<u>Total Supportive Services</u>	<u>Total Expenses</u>
PERSONNEL COSTS								
Salaries	\$ 860,046	\$ 205,075	\$ 111,510	\$ 1,176,631	\$ 168,680	\$ 147,327	\$ 316,007	\$ 1,492,638
Employee Benefits	159,056	15,993	12,918	187,967	8,875	5,222	14,097	202,064
Payroll Taxes	76,887	18,149	9,869	104,905	17,790	10,177	27,967	152,872
Total Personnel Costs	\$ 1,095,989	\$ 239,217	\$ 134,297	\$ 1,469,503	\$ 195,345	\$ 162,726	\$ 358,071	\$ 1,827,574
OTHER EXPENSES								
Client Support - food	\$ 217,189	\$ 2,194	\$ -	\$ 219,383	\$ -	\$ -	\$ -	\$ 219,383
Program and household	77,338	6,952	2,607	86,897	-	-	-	86,897
Office and IT	8,846	553	553	9,952	885	221	1,106	11,058
Telephone	9,720	2,916	972	13,608	4,860	972	5,832	19,440
Postage	108	43	43	194	324	1,641	1,965	2,159
Occupancy	179,603	101,775	-	281,378	14,967	2,993	17,960	299,338
General Insurance	22,505	44,177	8,335	75,017	4,168	4,168	8,336	83,353
Consultants	61,119	23,769	-	84,888	37,351	47,537	84,888	169,776
Legal and Accounting	2,250	4,000	1,250	7,500	17,250	500	17,750	25,250
Training and education	1,029	-	-	1,029	1,143	114	1,257	2,286
Printing	9,255	-	-	9,255	3,085	3,085	6,170	15,425
Staff travel and conferences	11,429	3,429	1,143	16,001	5,715	1,143	6,858	22,859
Client assistance	2,755	689	-	3,444	-	-	-	3,444
Dues and subscriptions	3,029	-	-	3,029	1,817	1,212	3,029	6,058
Other	21,786	2,912	1,641	26,339	9,747	1,353	11,100	37,439
Total Other Expenses	\$ 627,961	\$ 193,409	\$ 16,544	\$ 837,914	\$ 101,312	\$ 64,939	\$ 166,251	\$ 1,004,165
Total Expenses Before Depreciation & Provisions for Non-Food In-Kind Contributions	1,723,950	432,626	150,841	2,307,417	296,657	227,665	524,322	2,831,739
Provisions for Non-Food In-Kind Contributions	-	-	30,974	30,974	-	-	-	30,974
Depreciation	99,584	53,436	3,122	156,142	-	-	-	156,142
Total Expenses	\$ 1,823,534	\$ 486,062	\$ 184,937	\$ 2,494,533	\$ 296,657	\$ 227,665	\$ 524,322	\$ 3,018,855

SHELTER FOR THE HOMELESS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Emergency Shelter	Permanent Housing	Housing Development	Total Programs	Management and General	Fund Raising	Total Supportive Services	Total Expenses
PERSONNEL COSTS								
Salaries	\$ 852,754	\$ 91,273	\$ 103,032	\$ 1,047,059	\$ 113,096	\$ 127,608	\$ 240,704	\$ 1,287,763
Employee Benefits	119,080	12,746	14,388	146,214	15,793	17,819	33,612	179,826
Payroll Taxes	81,730	8,748	9,875	100,353	10,839	12,230	23,069	123,422
Total Personnel Costs	\$ 1,053,564	\$ 112,767	\$ 127,295	\$ 1,293,626	\$ 139,728	\$ 157,657	\$ 297,385	\$ 1,591,011
OTHER EXPENSES								
Client Support - food	\$ 215,639	\$ 2,178	\$ -	\$ 217,817	\$ -	\$ -	\$ -	\$ 217,817
Program and household	63,679	5,724	2,146	71,549	-	-	-	71,549
Office and IT	11,365	710	710	12,785	1,137	284	1,421	14,206
Telephone	8,317	2,495	832	11,644	4,159	832	4,991	16,635
Postage	164	66	66	296	493	2,499	2,992	3,288
Occupancy	132,006	74,803	-	206,809	11,001	2,200	13,201	220,010
General Insurance	21,567	9,803	3,921	35,291	1,961	1,961	3,922	39,213
Consultants	49,321	19,180	-	68,501	30,141	38,361	68,502	137,003
Legal and Accounting	-	4,845	1,514	6,359	23,319	606	23,925	30,284
Training and education	756	-	-	756	840	84	924	1,680
Printing	6,222	-	-	6,222	2,074	2,074	4,148	10,370
Staff travel and conferences	10,538	3,161	1,054	14,753	5,269	1,054	6,323	21,076
Client assistance	754	188	-	942	-	-	1,908	942
Dues and subscriptions	1,909	-	-	1,909	1,145	763	1,908	3,817
Other	13,070	1,148	1,146	15,364	6,877	688	7,565	22,929
	\$ 535,307	\$ 124,301	\$ 11,389	\$ 670,997	\$ 88,416	\$ 51,406	\$ 139,822	\$ 810,819
Total Expenses Before Depreciation & Provisions for Non-Food In-Kind Contributions	1,588,871	237,068	138,684	1,964,623	228,144	209,063	437,207	2,401,830
Contributions for Non-Food In-Kind	-	-	124,299	124,299	-	-	-	124,299
Depreciation	102,242	29,094	2,647	133,983	-	-	-	133,983
Total Expenses	\$ 1,691,113	\$ 266,162	\$ 265,630	\$ 2,222,905	\$ 228,144	\$ 209,063	\$ 437,207	\$ 2,660,112

SHELTER FOR THE HOMELESS, INC.
STATEMENTS OF CASH FLOWS
JUNE 30,

<u>CASH FLOWS OPERATING ACTIVITIES:</u>	<u>2015</u>	<u>2014</u>
Change in net assets	\$ (99,190)	\$ 401,403
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Unamortized Discount on Non-Interest Bearing Loan	3,452	3,213
Depreciation and Amortization	156,142	133,983
Changes in operating assets and liabilities		
Grants and other receivables	(2,729,922)	55,817
Prepaid expenses	15,997	8,694
Accounts payable and accrued expenses	162,293	(37,862)
Deferred revenue and refundable deposits	<u>2,786,371</u>	<u>(301,501)</u>
<u>Net Cash Provided By Operating Activities</u>	<u>295,143</u>	<u>263,747</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(996,158)	(1,018,922)
Short Term Investments	<u>6,878</u>	<u>185,522</u>
<u>Net Cash Used In Investing Activities</u>	<u>(989,280)</u>	<u>(833,400)</u>
 <u>CASH FLOWS FINANCING ACTIVITIES:</u>		
Principal Payments on Notes Payable	(283,280)	(9,548)
Proceeds from Notes Payable	866,061	533,939
Mortgage Costs	<u>(1,032)</u>	<u>(19,250)</u>
<u>Net Cash Provided By Financing Activities</u>	<u>581,749</u>	<u>505,141</u>
 <u>Net Decrease in Cash and Cash Equivalents</u>	<u>(112,388)</u>	<u>(64,512)</u>
 <u>CASH AND CASH EQUIVALENTS:</u>		
Beginning of year	<u>513,736</u>	<u>578,248</u>
End of year	<u>\$ 401,348</u>	<u>\$ 513,736</u>
 <u>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS:</u>		
Cash Paid During the Year for:		
Interest	\$ 12,427	\$ 4,028
Income Taxes	-	-
Non – Cash Investing and Financing Activities		
Fixed Assets Acquired through Financing	-	539,580

See accompanying notes and
independent auditors' report.

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

1. The Organization

Shelter for the Homeless, Inc. (the "Shelter") is a not-for-profit organization which provides shelter, counseling and education services to homeless adults serving lower Fairfield County.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The Shelter's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Net Asset Classifications

The Shelter reports information regarding its financial position and activities according to three net assets classification: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired. The unrestricted net assets include all funds over which the Board of Directors has full discretion as to use. The Board has designated a portion of the unrestricted net assets for Investment in Land, Building and Equipment.

Temporarily restricted net assets include funds that are subject to time or purpose restrictions designated by the donor or grantor which cannot be changed by the Board. When the time or purpose restriction is satisfied, the temporarily restricted assets are reclassified as unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Permanently restricted net assets are net assets for which use by the Shelter is limited by donor-imposed stipulations that neither expire by passage of time nor can otherwise be removed by actions of the Shelter. The Shelter has no permanently restricted net assets at June 30, 2015.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Shelter is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, it has not provided for income taxes in these financial statements. The Organization's Income Tax Return (Form 990) has not been examined for the past three years.

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

2. **Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents

For cash flow purposes, the Shelter considers all highly liquid investments purchased with an initial maturity of three months or less at the time of purchase to be cash equivalents, except for a money fund with an investment company.

Investments

The Shelter considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, except for those short-term investments managed by the Shelter's investment managers as part of their long-term investment strategies.

Land, Building and Equipment

Property and equipment is stated at cost on the date of acquisition or at estimated fair market value on the date of donation, less accumulated depreciation. Expenditures for property and equipment in excess of \$10,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: buildings and improvements (20 to 39), furniture and equipment (3 to 10 years) and vehicles (5 years).

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Grants from Government Agencies

Grants from government agencies are conditioned upon the Shelter incurring certain qualifying costs and are recognized as revenue as those costs are incurred.

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Contributed Materials, Meals and Services

Contributed materials, meals and services are recorded at fair value when donated and are reflected as in-kind contributions in the statements of activities.

In addition, a substantial number of volunteers have contributed their time to the Shelter's program and supporting services; however, none of these services meet the requirements for financial statement recognition.

Functional Allocation of Expenses

The costs of providing the various program and supporting service has been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Overhead expenses including occupancy, telephone and insurance are allocated to functional areas based upon space used or actual usage if specifically identifiable. The allocations of salary and related expenses for management and supervision of program service functions are made by management based on the estimated time spent by executive on the various program service functions.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current year presentations.

3. Concentration of Risk

Cash, cash equivalents and investments held on deposit by various financial institutions may be in excess of federally insured amounts; however, risk is managed by maintaining all deposits in high quality financial institutions.

Approximately 34% and 35%, for the years ended June 30, 2015 and 2014 of support and revenue is provided by government grants. As with all government funding, these grants and fees may be subject to reduction or termination in future years. Any significant reduction in these grants and fees could have a significant negative impact on the Shelter's program services.

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

4. Investments

Investments at June 30 consisted of the following:

	<u>2015</u>	<u>2014</u>
Short term money market instruments	<u>\$ 3,948</u>	<u>\$ 10,826</u>

Investment return, including interest on cash accounts, for the years ended June 30, consisted of the following:

	<u>2015</u>	<u>2014</u>
Realized Unrealized gain on investments	<u>\$ -</u>	<u>\$ 3,349</u>
Total Investments Returns	<u>\$ -</u>	<u>\$ 3,349</u>

5. Fair Value Measurement

Accounting standards establish a framework for measuring fair value. The framework sets forth a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Shelter has the ability to access.

Level 2 – Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement,

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurement (continued)

Following is a description of the valuation methodologies used by the Center. There have been no changes in the methodologies used at June 30, 2015 and 2014.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2015</u>				
Cash and Cash Equivalents	3,948	3,948	-	-
<u>Total</u>	<u>\$ 3,948</u>	<u>\$ 3,948</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2014</u>				
Cash and Cash Equivalents	10,826	10,826	-	-
<u>Total</u>	<u>\$ 10,826</u>	<u>\$ 10,826</u>	<u>\$ -</u>	<u>\$ -</u>

6. Land, Buildings, And Equipment

At June 30, Land, Buildings and Equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 1,145,052	\$ 1,145,052
Buildings and Improvements	6,497,541	5,511,529
Equipment	327,977	317,832
<u>Subtotal</u>	<u>7,970,570</u>	<u>6,974,413</u>
Less Accumulated Depreciation	2,117,311	1,961,169
<u>Total</u>	<u>\$ 5,853,259</u>	<u>\$ 5,013,244</u>

Depreciation expense amounted to \$156,142 and \$133,983 for the fiscal years June 30, 2015 and 2014 respectively.

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

7. Notes Payable

Notes payable consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Note payable to First County Bank, monthly principal and interest installments of \$902 through April 2017 (effective interest rate of 7.5%). The mortgage is secured by the property located at 58 Stone Street, Stamford, CT.	\$ 19,219	\$ 28,207
Non-interest bearing Note payable to the City of Stamford, a payment of \$240,000 due April 2037. Present value of note discounted for interest rate (imputed at 7.5%). The mortgage is secured by the property located at 58 Stone Street, Stamford, CT.	49,502	46,049
Non-interest bearing Note payable to the City of Stamford, a payment of \$140,000 due February, 2042. The mortgage is secured by the property located at 38 Ann Street, Stamford, CT.	140,000	140,000
Non-interest bearing Note payable to Corporation for Supportive Housing in the amount of \$50,000. Principal and interest due the earlier of closing of predevelopment or construction or April 1, 2016. The interest rate is 0% for initial 24 months, ending April 2015, 6% thereafter. The note is unsecured.	50,000	50,000
Non-interest bearing Note payable to the City of Stamford in the amount of \$60,000. The loan is for thirty years and is due June 2043. No interest will be charged and no monthly payments or principal required provided that no default occurs under the conditions of the loan agreement. The mortgage is secured by the property located at 38 Ann Street, Stamford, CT. As of June 30, 2015 and 2014 \$41,600 was borrowed.	41,600	41,600
Non-interest bearing Note payable to the City of Stamford in the amount of \$86,151, provided that the property is not sold or transferred prior to the expiration of the twenty (20) year period. The mortgage is secured by the property located at 38 Ann Street., Stamford, CT.	86,151	86,151
Non-interest bearing Note payable to the City of Stamford in the amount of \$360,000, provided that the property is not sold or transferred prior to the expiration of twenty (20) years and is due February 2033. The mortgage is secured by the property located at 23 Spruce Street, Stamford, CT.	360,000	360,000

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

7. Notes Payable (continued)

Non-interest bearing Note payable to City of Stamford in the amount of \$266,400. The loan was used for acquisition and rehabilitation of 38 Ann Street, Stamford, CT. On December 10, 2014 the Note was paid off. - 266,400

Non-interest bearing Note payable to the City of Stamford. Non-interest bearing monthly payments of principal required provided that the property remains very low income housing for fifteen (15) years from the date of occupancy of the project or until November 30, 2025, whichever shall occur later. The mortgage is secured by the property located at 190 Stillwater Avenue, Stamford, CT. 252,385 252,385

Note payable to First County Bank, monthly principal and interest installments of \$1,467.76 through May 1, 2034 (effective interest rate of 4.3%). The mortgage is secured by the property located at 104 Richmond Hill Avenue, Stamford, CT. 227,211 234,737

Construction Loan payable to First County Bank up to \$1,300,000, dated January 29, 2014. Principal may be advanced and readvanced from the date hereof and continuing until the Adjustment Date, as define herein (the "Construction Period"), so long as no Event of Default, as defined in the Agreement or as set forth herein, has occurred, each advance hereunder shall bear interest at a rate equal to the Prime Rate on a floating basis (so that any change in said Prime Rate shall effect an adjustment of the rate of interest payable hereunder as of the date of any such change) (the initial "Interest Rate"). The Construction Period shall not exceed twelve (12) months.

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

7. **Notes Payable (continued)**

Conversion of the construction loan to a permanent loan ("Permanent Period") shall occur not later than twelve (12) months of the date hereof upon achieving each of the following conditions: 1.) the completion of construction, evidenced by the issuance of a certificate of occupancy for each address; 2.) Borrower's ability to demonstrate a debt service coverage of 1.20: 1x; 3.) continued compliance with the terms and conditions of financing from the Federal Home Loan Bank of Boston (FHLBB) Affordable Housing Program, necessary to secure the direct grant in the amount of \$400,000 (the "AHP Direct Subsidy") and the interest rate subsidy from FHLBB (the "AHP Advance Subsidy", and, collectively with the AHP Direct Subsidy, the "AHP Loan") to assist in the maintenance of the Revised Interest Rate, as defined herein, of this Loan, which is an AHP Subsidized Advance; and 4.) that there be no occurrence of a default beyond any applicable grace period under or demand for the payment of any other note or obligation of Borrower to the Holder or the occurrence of a default beyond any applicable grace period under or demand for the payment of additional obligations of Borrower to other funding sources. The date upon which the last of subparagraphs 1-4 above shall occur, shall be referred to as the "Adjustment Date."

This note shall be paid as follows: Commencing March 1, 2014 and on the first day of each month thereafter during the Construction Period, Borrower shall make consecutive monthly payments of interest only at the Initial Interest Rate. Commencing on the first day of the first month of the Permanent Period, and on the first day of each month thereafter, and continuing until the Maturity Date, as defined herein, the Borrower shall make consecutive monthly payments of principal and interest, at the rate per annum equal to the 20 year fixed rate at the Federal Home Loan Bank of Boston plus two percentage points, which shall be determined as the closing of the Loan (the "Revised Interest Rate", and collectively, with the Initial Interest Rate, the "Interest Rate") in an amount sufficient to amortize the then outstanding principal balance of the Loan over a term of twenty (20) years.

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

7. Notes Payable (continued)

In the event the conditions for conversion to the Permanent Period have been met by the Adjustment Date, to the Holder's sole satisfaction, unless sooner paid, the entire outstanding indebtedness evidenced by this Note, including but not limited to all outstanding and unpaid interest as herein provided, shall be due and payable in full on February 1, 2035 (the "Maturity Date"). The mortgage is secured by the properties located at 23 Spruce Street, 38 Ann Street, and 17 Berkeley Street, Stamford, CT. The current interest rate is 3.25%.

1,300,000 433,941

Revolving Line of Credit from First County Bank in the amount of \$100,000, payments of interest only, variable rate based on "The Wall Street Prime Rate" plus 1.00% percentage points, current interest rate of 4.25%. The line of credit is unsecured and payable on demand.

	<u>99,634</u>	<u>100,000</u>
	<u>\$ 2,625,702</u>	<u>\$ 2,039,470</u>

The non-interest bearing loan to the City of Stamford is reflected at the present value of the loan of \$240,000. The difference between the discounted loan payable and the amount due upon maturity has been reflected as a temporarily restricted contribution and the discount is being accelerated to maturity value over the life of the loan.

Maturities of the notes payable principles are as follows:

Year Ended June 30,	
2016	\$ 1,473,004
2017	19,896
2018	13,003
2019	46,604
2020 and Thereafter	<u>1,073,195</u>
	<u>\$ 2,625,702</u>

8. Net Assets and Net Assets Released from Restriction

Temporarily restricted net assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Contributions for Future Periods	\$ 186,127	\$ 189,579
Fund Raising	-	22,140
Client Assistance	-	7,217
Housing	-	<u>6,000</u>
	<u>\$ 186,127</u>	<u>\$ 224,936</u>

SHELTER FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

8. Net Assets and Net Assets Released from Restriction (continued)

Net assets release from restrictions during the years ended June 30, consist of the following:

	<u>2015</u>	<u>2014</u>
Contributions for Future Periods	\$ 3,452	\$ 3,213
Fund Raising	22,140	27,860
Contributions	-	283
Client Assistance	7,217	-
Housing	<u>6,000</u>	<u>-</u>
	<u>\$ 38,809</u>	<u>\$ 31,356</u>

9. Retirement Plan

The Shelter has a 403(b) salary deferral retirement plan, covering employees with one year of service who work 1,000 hours or more during a calendar year. An eligible employee may contribute up to 15 % of gross wages subject to IRS limitations. At its discretion the Shelter contributes the lesser of 100% of the employee's contribution or 2%, or 4% of compensation to the plan. The employer may make discretionary contributions. Retirement expense was \$29,437 and \$10,247 for the years ended June 30, 2015 and 2014 respectively.

10. Contingencies – Government Audit

Shelter for the Homeless, Inc.'s various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with the grantors. As of the date of these statements, the materiality of adjustments to final costs, if any, are not material. There are no costs remaining as unresolved "questions costs" as of June 30, 2015.

11. Lease Commitments

Shelter for the Homeless, Inc. leased office space in Stamford, Connecticut, through December 2014. As of January 2015, the lease is on a month to month basis. In addition the Shelter leases storage space on a month to month basis. Rental expense totaled \$37,685 and \$34,756 for the years ended June 30, 2015 and 2014 respectively.

The Shelter also leases office equipment under a long-term operating lease expiring in April 2020.

Future minimum rental payments are as follows:

2016	\$	8,580
2017		8,580
2018		8,580
2019		8,580
2020		7,150

12. Subsequent Events

The Shelter's management evaluated subsequent events through report letter date.

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT
NEW CANAAN, CONNECTICUT

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on An Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

To the Board of Directors
Shelter for the Homeless, Inc.
Stamford, CT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Shelter for the Homeless, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shelter for the Homeless, Inc.'s, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shelter for the Homeless, Inc.'s, internal control. Accordingly, we do not express an opinion on the effectiveness of Shelter for the Homeless, Inc.'s, internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
Shelter for the Homeless, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelter for the Homeless, Inc.'s, financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shelter for the Homeless, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Shelter for the Homeless, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haims, Buzzelo + Company, P.C.

Certified Public Accountants

Stamford, CT
October 2, 2015

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT
NEW CANAAN, CONNECTICUT

Report on Compliance for Each Major Program And on Internal Control over Compliance Required By OMB Circular A-133

Independent Auditors' Report

To the Board of Directors
Shelter for the Homeless, Inc.
Stamford, CT

Report on Compliance for Each Major Federal Program

We have audited Shelter for the Homeless, Inc.'s, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Shelter for the Homeless, Inc.'s, major federal programs for the year ended June 30, 2015. Shelter for the Homeless, Inc.'s, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Shelter for the Homeless, Inc.'s, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shelter for the Homeless, Inc.'s, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Shelter for the Homeless, Inc.'s, compliance.

Opinion on Each Major Federal Program

In our opinion, Shelter for the Homeless, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

To the Board of Directors
Shelter for the Homeless, Inc.

Report On Internal Control over Compliance

Management of Shelter for the Homeless, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shelter for the Homeless, Inc.'s, internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shelter for the Homeless, Inc., internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Haims, Buzzelo + Company, P.C.
Certified Public Accountants

Stamford, CT
October 2, 2015

SHELTER FOR THE HOMELESS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Award – Supportive Housing Program (Berkeley Street)	CT0096LIE081306	14.235	\$ 82,824
Direct Award - Shelter Plus Care Program (Berkeley VIII)	CT0160LIE081303	14.235	19,548
Total Emergency Shelter Grant Programs			<u>102,372</u>
Pass – through Connecticut Department of Housing	13DOH0101CN	14.231	43,431
Direct Award – Continuation of Care Homeless Assistance (Beacon II)	CT0234L1E081301	14.267	37,584
Pass – through Department of Mental Health & Addiction Services	11MHA2159AB	14.267	37,198
Pass – through Connecticut Department of Housing - Section 8 Housing Choice Vouchers	13DOH0101CN	14.871	83,808
Community Development Block Grants			
Pass – through City of Stamford, CT		14.218	35,250
Pass – through Town of Greenwich, CT		14.218	2,431
Pass – through City of Stamford, CT		14.256	86,151
Total Community Block Grants			<u>123,832</u>
Neighborhood Stabilization Program			
Pass- through Connecticut Department of Economic and Community Development		14.218	* 392,385
		14.256	* 360,000
Total Neighborhood Stabilization Program			<u>752,385</u>
Home Investment Partnership Program			
		14.239	* 41,600
Total U.S. Department of Housing and Urban Development			<u>1,222,210</u>
U.S. Department of Health and Human Services:			
Substance Abuse & Mental Health Services Projects of Regional & National Significance		93.243	12,746
Projects for Assistance in Transition from Homelessness			
Pass – through Connecticut Department of Mental Health and Addiction Services	11MHA2159AB	93.150	49,169
Social Services Block Grants			
Pass – through Connecticut Department of Housing	13DOH0101CN	93.667	192,396
Pass – through Connecticut Department of Housing	13DOH0101CN	93.558	108,266
Total U.S. Department of Health and Human Services			<u>362,577</u>
Department of Homeland Security			
Direct Award – Emergency Food and Shelter National Board Program	142204-004	97.024	9,565
U.S Department of Veteran Affairs			
VA Supportive Services for Veteran Families Program		64.033	86,525
Total Expenditures of Federal Awards			<u>\$ 1,680,877</u>

Note: *Represents outstanding loan balance.

The schedule of expenditures of federal awards has been prepared on the accrual basis of accounting

SHELTER FOR THE HOMELESS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Shelter for the Homeless, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SHELTER FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency (ies) identified? ___ Yes X None Reported
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency (ies) ___ Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? ___ Yes X No

- The following schedule reflects the major programs included in the audit:

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Pass – through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Neighborhood Stabilization Program	14.218		\$ 392,385
Neighborhood Stabilization Program	14.256		360,000
U.S. Department of Health and Human Services:			
Social Services Block Grant	93.667		192,396
Social Services Block Grant	93.558		108,266

Programs with expenditures in excess of \$300,000 were deemed to be type A programs. Programs with expenditures less than \$300,000 were deemed to be type B programs.

SHELTER FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDING

- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS

- No Findings or Questioned Costs are reported relating to Federal Award Programs.