



# Shelters to Shutters

Financial Statements  
Years Ended December 31, 2021 and 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U. S. member of BDO International Limited, a UK company limited by guarantee.



# **Shelters to Shutters**

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Financial Statements  
Years Ended December 31, 2021 and 2020

# Shelters to Shutters

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## **Independent Auditor's Report**

Board of Directors  
Shelters to Shutters  
Vienna, Virginia

### ***Opinion***

We have audited the financial statements of Shelters to Shutters ("the "Organization"), a not-for-profit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Shelters to Shutters, as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our 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 our 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- 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 Organization'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

BDO USA, LLP

August 16, 2022

## Financial Statements

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# Shelters to Shutters

## Statements of Financial Position

<i>December 31,</i>	2021	2020
<b>Assets</b>		
Cash	\$ 174,356	\$ 81,589
Contributions receivable	158,280	98,898
Prepaid expenses	2,072	2,174
Property and equipment, net	7,067	1,717
<b>Total assets</b>	<b>\$ 341,775</b>	<b>\$ 184,378</b>
<b>Liabilities and net assets (deficit)</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 14,155	\$ 17,798
Accrued payroll and related liabilities	40,667	16,977
Due to related party	111,000	121,000
Paycheck Protection Program (PPP) loan	-	101,783
<b>Total liabilities</b>	<b>165,822</b>	<b>257,558</b>
<b>Commitments</b>		
<b>Net assets (deficit)</b>		
Without donor restrictions	175,953	(153,180)
With donor restrictions	-	80,000
<b>Total net assets (deficit)</b>	<b>175,953</b>	<b>(73,180)</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 341,775</b>	<b>\$ 184,378</b>

*See accompanying notes to financial statements.*

# Shelters to Shutters

## Statement of Activities and Change in Net Assets

<i>Year ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total
<b>Support</b>			
Contributions	\$ 1,024,752	\$ -	\$ 1,024,752
In-kind contributions	60,000	-	60,000
<b>Total support</b>	<b>1,084,752</b>	<b>-</b>	<b>1,084,752</b>
<b>Expenses</b>			
Program services	497,389	80,000	577,389
Support services	202,791	-	202,791
Fundraising services	250,103	-	250,103
<b>Total expenses</b>	<b>950,283</b>	<b>80,000</b>	<b>1,030,283</b>
PPP loan extinguishment	194,664	-	194,664
<b>Change in net assets (deficit)</b>	<b>329,133</b>	<b>(80,000)</b>	<b>249,133</b>
<b>Net assets (deficit), beginning of year</b>	<b>(153,180)</b>	<b>80,000</b>	<b>(73,180)</b>
<b>Net assets, end of year</b>	<b>\$ 175,953</b>	<b>\$ -</b>	<b>\$ 175,953</b>

*See accompanying notes to financial statements.*



# Shelters to Shutters

## Statement of Activities and Change in Net Assets

<i>Year ended December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support</b>			
Contributions	\$ 612,697	\$ 77,500	\$ 690,197
In-kind contributions	50,000	-	50,000
<b>Total support</b>	<b>662,697</b>	<b>77,500</b>	<b>740,197</b>
<b>Expenses</b>			
Program services	525,399	-	525,399
Support services	239,839	-	239,839
Fundraising services	195,292	-	195,292
<b>Total expenses</b>	<b>960,530</b>	<b>-</b>	<b>960,530</b>
<b>Change in net assets (deficit)</b>	<b>(297,833)</b>	<b>77,500</b>	<b>(220,333)</b>
<b>Net assets (deficit), beginning of year</b>	<b>144,653</b>	<b>2,500</b>	<b>147,153</b>
<b>Net assets (deficit), end of year</b>	<b>\$ (153,180)</b>	<b>\$ 80,000</b>	<b>\$ (73,180)</b>

*See accompanying notes to financial statements.*

# Shelters to Shutters

## Statement of Functional Expenses

<i>Years ended December 31, 2021</i>	Program	Supporting Services		Total
		Management and General	Fundraising services	
Salaries and benefits	\$ 450,902	\$ 165,649	\$ 177,689	\$ 794,240
Marketing	1,994	226	27,985	30,205
Office rent	-	8,293	-	8,293
Travel	7,623	1,372	2,346	11,341
General and administrative	116,870	19,596	42,083	178,549
Taxes and insurance	-	5,727	-	5,727
Depreciation and amortization	-	1,928	-	1,928
<b>Total expenses</b>	<b>\$ 577,389</b>	<b>\$ 202,791</b>	<b>\$ 250,103</b>	<b>\$ 1,030,283</b>

*See accompanying notes to financial statements.*

# Shelters to Shutters

## Statement of Functional Expenses

<i>Years ended December 31, 2020</i>	Program	Supporting Services		Total
		Management and General	Fundraising services	
Salaries and benefits	\$ 494,620	\$ 45,936	\$ 143,964	\$ 684,520
Marketing	2,260	17,547	27,892	47,699
Office rent	-	56,118	-	56,118
Travel	6,726	-	5,729	12,455
General and administrative	21,793	114,171	17,707	153,671
Taxes and insurance	-	5,110	-	5,110
Depreciation and amortization	-	957	-	957
<b>Total expenses</b>	<b>\$ 525,399</b>	<b>\$ 239,839</b>	<b>\$ 195,292</b>	<b>\$ 960,530</b>

*See accompanying notes to financial statements.*

# Shelters to Shutters

## Statements of Cash Flows

<i>Years ended December 31,</i>	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 249,133	\$ (220,333)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Gain from PPP loan forgiveness	(194,664)	-
Depreciation and amortization	1,928	957
Loss on disposal of property and equipment	647	-
Changes in assets and liabilities:		
Contributions receivable	(59,382)	(9,225)
Prepaid expenses	102	2,352
Accounts payable and accrued expenses	(3,643)	(16,096)
Accrued payroll and related liabilities	23,690	(26,849)
Other liabilities	(10,000)	-
<b>Net cash provided by (used in) operating activities</b>	<b>7,811</b>	<b>(269,194)</b>
<b>Cash flows from investing activity:</b>		
Purchases of property and equipment	(7,925)	-
<b>Net cash used in investing activity</b>	<b>(7,925)</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Borrowings under PPP loan	92,881	101,783
Borrowings from related party	-	121,000
<b>Net cash provided by financing activities</b>	<b>92,881</b>	<b>222,783</b>
<b>Net increase (decrease) in cash</b>	<b>92,767</b>	<b>(46,411)</b>
<b>Cash, beginning of the year</b>	<b>81,589</b>	<b>128,000</b>
<b>Cash, end of the year</b>	<b>\$ 174,356</b>	<b>\$ 81,589</b>
<b>Supplemental disclosure of noncash financing activity:</b>		
PPP loan extinguishment	\$ 194,664	\$ -

*See accompanying notes to financial statements.*

# Shelters to Shutters

## Notes to Financial Statements

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### 1. Nature of Organization

Shelters to Shutters (the “Organization”), a not-for-profit organization founded in February 2014, provides housing and employment opportunities to the homeless by educating and engaging real estate and property management leaders and encouraging action within their communities. The Organization works with homeless and at-risk homeless individuals in multiple cities in the United States. Currently, the Organization works in five communities: National Capital Region (Maryland, northern Virginia and the District of Columbia, Nashville, Charlotte, Houston and Atlanta). In 2022, new markets launched included Charleston, Orlando, Phoenix and North Texas. The plan is to launch in five communities/year over the next five years.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimates under different assumptions or conditions.

#### *Net Assets*

Net assets without donor restrictions consists of amounts that are available for use in carrying out the activities of the Organization. Net assets with donor restrictions represent those amounts which are not available until future periods or are restricted by the donor for specific purposes.

#### *Contributions*

Unconditional promises to give are recognized as contributions in the period received and recorded as assets, reductions of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the contributions are recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

# Shelters to Shutters

## Notes to Financial Statements

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### ***Contributions Receivable***

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are determined based on factors including collectability, contribution duration and market conditions.

An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. It is the Organization's policy to write off uncollectible accounts when management determines the receivable will not be collected.

At December 31, 2021 and 2020, there were \$158,280 and \$98,898 of contributions receivable, respectively, all of which are expected to be collected within one year.

### ***In-Kind Contributions***

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

### ***Property and Equipment***

Purchased property and equipment are recorded at historical cost and any purchases or donations in excess of \$1,000 are capitalized. Donations of property and equipment are recorded as in-kind contributions at their estimated fair market value on the date received. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are eliminated, and any gain or loss is included in the statements of activities.

Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets. For the years ended December 31, 2021 and 2020, depreciation and amortization expense was \$1,928 and \$957, respectively.

### ***Functional Allocation of Expenses***

The costs of providing program, management and general, and fundraising activities have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the program and supporting services directly benefited. Other expenses are allocated based on management's estimate of the benefit derived by each activity.

# Shelters to Shutters

## Notes to Financial Statements

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### **Advertising**

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$30,205 and \$47,699, respectively.

### **Recent Accounting Pronouncements Not Yet Adopted**

In September 2020, the FASB issued ASU 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires disclosure of contributed nonfinancial assets in a separate line item within the statement of activities, disclosure of the policy about monetizing rather than utilizing contributed nonfinancial assets and qualitative information about those monetized or utilized during the fiscal year, and a description of any donor-imposed restrictions on the contributed nonfinancial assets. This guidance must be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The guidance is effective for the Organization for the fiscal year ending December 31, 2022. Early adoption is permitted. Management is currently evaluating the impact this ASU will have on disclosures in the financial statements.

The Organization has assessed accounting pronouncements issued or effective during the year ended December 31, 2021 and deemed they were not applicable to the Organization or are not anticipated to have a material effect on the financial statements.

### **3. Liquidity and Availability**

The following reflects the Organization's financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditure within one year of the date of the statements of financial position because of donor-imposed or other restrictions.

<i>December 31,</i>		2021		2020
Cash	\$	174,356	\$	81,588
Contributions receivable		158,280		98,898
Total		332,636		180,486
Less donor-imposed restrictions		-		(80,000)
Financial assets available to meet cash needs for general expenditures within one year	\$	332,636	\$	100,486

### **4. Contributions receivable**

As of December 31, 2021 and 2020, contributions receivable of \$158,280 and \$98,898, respectively, consisted of amounts due from corporations and foundations and were expected to be received in less than one year. All amounts are deemed fully collectible.

# Shelters to Shutters

## Notes to Financial Statements

### 5. Property and Equipment

Property and equipment consisted of:

<i>December 31,</i>	Useful Lives		2021		2020
Computers and equipment	2 - 5 years	\$	9,962	\$	14,042
Furniture and fixtures	7 years		-		1,387
Total property and equipment			9,962		15,429
Less: accumulated depreciation and amortization			(2,895)		(13,712)
Property and equipment, net		\$	7,067	\$	1,717

### 6. Payroll Protection Program Loan

In April 2020, the Organization received funding under the Paycheck Protection Program (PPP) totaling \$101,783. In January 2021, the Organization received a second loan under the Paycheck Protection Program totaling \$92,882. The loans are subject to forgiveness under the terms of PPP sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP loans accrued interest at a rate of 1.00% per annum. The receipt of these funds, and the forgiveness of the loan, is dependent on having initially qualified for the loan and qualifying for the forgiveness of such loan based on the Organization's future adherence to the forgiveness criteria. In September 2021, the Organization received forgiveness for funding it received under the Paycheck Protection Program (PPP) loans for \$194,664.

### 7. Related Party Transactions

#### *Contributed Services Received from Personnel of a Related Party*

Middleburg Real Estate Partners "Middleburg", owned by the Chairman of the Organization's Board, provided accounting and management personnel to the Organization. During each of the years ended December 31, 2021 and 2020, the Organization recognized an in-kind contribution and related salary expense of \$60,000 and \$50,000, respectively, for contributed services received from Middleburg based on the fair value of comparable services provided by third parties.

#### *Related Party Concentration*

The Organization had one board member who contributed \$220,000 and \$49,049 during the years ended December 31, 2021 and 2020, respectively, which is included as contributions in the accompanying statements of activities. The Organization is exposed to risk from substantial support of one donor and would not be able to continue operations without it.



# Shelters to Shutters

## Notes to Financial Statements

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### ***Due to Related Party***

In 2020, the Organization received funds from Thistle Investments LLC, a company owned by a board member of the Organization, in the amount of \$121,000. This amount is non-interest bearing and is due on demand. In 2021, the Organization paid \$10,000 of the amount due to Thistle. As of December 31, 2021 and 2020, the amounts due to Thistle of \$111,000 and \$121,000 are included as an other liability on the accompanying statements of financial position.

### **8. Lease Commitments**

The Organization utilizes space rented by Middleburg in Vienna, Virginia. The Organization rents the space from Middleburg under an unwritten arrangement and reimburses Middleburg for actual rental costs for the space. The Organization has no future obligations under this arrangement with Middleburg and could relocate at any time without penalty. As of April 2021, the Organization is no longer utilizing Middleburg space and employees are working fully remotely.

Rent expense totaled \$8,293 and \$56,118 for the years ended December 31, 2021 and 2020, respectively.

### **9. Risks and Uncertainties**

The evolving spread of COVID-19 has caused significant disruptions to the global economy. The COVID-19 pandemic has led governments and other authorities and businesses around the world to impose or recommend measures intended to control its spread, including temporary closures of many businesses, "shelter in place" orders, travel restrictions, cancellation of events including conferences and meetings, social distancing measures and other governmental regulations.

At this time, the Organization's management cannot predict the continued impact of the COVID-19 pandemic, but management continues to monitor the situation, to assess further possible implications to operations, the supply chain, and customers, and to take actions in an effort to mitigate adverse consequences.

### **10. Subsequent Events**

The Organization has evaluated its December 31, 2021 financial statements for subsequent events through August 16, 2022 the date the financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these financial statements.