Synergy Services, Inc.

Independent Auditor’s Report and Financial Statements

December 31, 2021 and 2020

FORV/S

Synergy Services, Inc.
December 31, 2021 and 2020

Contents

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Independent Auditor's Report

Board of Directors
Synergy Services, Inc.
Parkville, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Synergy Services, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, 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 Synergy Services, Inc. as of December 31, 2021 and 2020, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 Synergy Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Synergy Services, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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 and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 Synergy Services, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Synergy Services, Inc.'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 June 30, 2022, on our consideration of Synergy Services, 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 solely 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 the effectiveness of Synergy Services, Inc.'s 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 Synergy Services, Inc.'s internal control over financial reporting and compliance.

FORVIS, LLP

Kansas City, Missouri
June 30, 2022

Synergy Services, Inc.
Statements of Financial Position
December 31, 2021 and 2020

Assets

	2021	2020
Cash and cash equivalents	$ 2,027,712	$ 1,879,357
Grants and contracts receivable	1,194,046	1,398,705
Prepaid expenses and other assets	96,008	94,926
Contributions receivable	-	100,000
Property and equipment, at cost		
Land	750,000	750,000
Building and improvements	13,597,510	12,428,896
Leasehold improvements	288,852	239,820
Furniture and equipment	1,064,688	907,535
Vehicles	325,163	313,504
Construction in process	298	258
	16,026,511	14,640,013
Less accumulated depreciation	(6,363,748)	(5,863,147)
Property and equipment, net	9,662,763	8,776,866
Total assets	$ 12,980,529	$ 12,249,854

Liabilities and Net Assets

	2021	2020
Liabilities		
Accounts payable	$ 199,988	$ 87,087
Accrued expenses	712,394	718,173
Deferred revenue	196,350	858,903
Paycheck Protection Program loan	-	1,444,200
Notes payable	1,685,712	1,537,109
Total liabilities	2,794,444	4,645,472
Net Assets		
Without donor restrictions	9,429,308	6,887,775
With donor restrictions	756,777	716,607
Total net assets	10,186,085	7,604,382
Total liabilities and net assets	$ 12,980,529	$ 12,249,854

Synergy Services, Inc.
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	$ 3,603,555	$ 263,839	$ 3,867,394	$ 1,885,627	$ 353,563	$ 2,239,190
Grants and contracts	11,547,771	-	11,547,771	10,509,468	-	10,509,468
Program revenue	160,563	-	160,563	160,084	-	160,084
Paycheck Protection Program loan forgiveness	1,444,200	-	1,444,200	-	-	-
Other	97,800	-	97,800	34,569	-	34,569
Net assets released from restrictions	223,669	(223,669)	-	254,417	(254,417)	-
Total revenues, gains and other support	17,077,558	40,170	17,117,728	12,844,165	99,146	12,943,311
Expenses and Losses						
Program services						
Family Care	2,117,645	-	2,117,645	1,949,744	-	1,949,744
Domestic Violence Center	2,388,940	-	2,388,940	2,159,167	-	2,159,167
Children's Center	1,549,562	-	1,549,562	1,461,604	-	1,461,604
Synergy House	1,342,198	-	1,342,198	1,456,954	-	1,456,954
Youth Resiliency Center and Street Outreach	1,313,455	-	1,313,455	1,290,383	-	1,290,383
Children's Advocacy Center	452,786	-	452,786	381,703	-	381,703
School-Based Integrated Services	2,129,568	-	2,129,568	1,285,756	-	1,285,756
Transitional Living	582,124	-	582,124	742,862	-	742,862
Community Emergency Rental Services	414,811	-	414,811	-	-	-
Total program services	12,291,089	-	12,291,089	10,728,173	-	10,728,173
Management and general	1,621,092	-	1,621,092	1,438,673	-	1,438,673
Fundraising	623,844	-	623,844	609,088	-	609,088
Total support services	2,244,936	-	2,244,936	2,047,761	-	2,047,761
Total expenses and losses	14,536,025	-	14,536,025	12,775,934	-	12,775,934
Change in Net Assets	2,541,533	40,170	2,581,703	68,231	99,146	167,377
Net Assets, Beginning of Year	6,887,775	716,607	7,604,382	6,819,544	617,461	7,437,005
Net Assets, End of Year	$ 9,429,308	$ 756,777	$ 10,186,085	$ 6,887,775	$ 716,607	$ 7,604,382

See Notes to Financial Statements

Synergy Services, Inc.

Statements of Functional Expenses

Years Ended December 31, 2021 and 2020

	Program Services										Support Services		
	Family Care	Domestic Violence Services	Children's Center	Synergy House	Youth Resiliency Center and Street Outreach	Children's Advocacy Center	School-Based Integrated Services	Youth Transitional Housing	Community Emergency Rental Services	Total Program Services	Management and General	Fund-Raising	Total
2021													
Compensation and benefits	$ 1,911,570	$ 1,441,442	$ 1,189,659	$ 1,107,597	$ 771,999	$ 295,178	$ 2,035,823	$ 327,800	$ -	$ 9,081,068	$ 1,072,557	$ 350,190	$ 10,503,815
Professional and contract fees	754	23,693	1,673	423	181,681	856	760	191	6,165	216,196	172,823	22,292	411,311
Training and development	18,462	32,384	16,706	9,049	10,740	10,348	12,736	2,714	-	113,139	39,755	10,475	163,369
Occupancy	71,098	117,894	65,468	62,570	63,992	84,928	12,792	27,019	-	505,761	84,230	4,254	594,245
Office expense	33,824	23,418	14,850	28,606	40,220	15,615	9,996	5,254	-	171,783	47,091	17,976	236,850
Program expense	4,822	609,714	50,498	37,180	71,341	1,946	2,585	207,883	408,646	1,394,615	9,106	2,237	1,405,958
Corporate insurance	36,976	34,511	29,581	29,581	22,186	7,395	49,302	9,860	-	219,392	22,186	4,930	246,508
Interest expense	65	1,635	165	107	819	60	19	235	-	3,105	101,960	216	105,281
Fundraising events	-	-	-	-	50	-	-	-	-	50	-	194,312	194,362
Depreciation	35,719	89,401	176,910	63,583	146,453	6,301	-	-	-	518,367	7,517	-	525,884
Other miscellaneous	4,355	14,848	4,052	3,502	3,974	30,159	5,555	1,168	-	67,613	63,867	16,962	148,442
Total expenses	$ 2,117,645	$ 2,388,940	$ 1,549,562	$ 1,342,198	$ 1,313,455	$ 452,786	$ 2,129,568	$ 582,124	$ 414,811	$ 12,291,089	$ 1,621,092	$ 623,844	$ 14,536,025

	Program Services									Support Services		
	Family Care	Domestic Violence Services	Children's Center	Synergy House	Youth Resiliency Center and Street Outreach	Children's Advocacy Center	School-Based Integrated Services	Youth Transitional Housing	Total Program Services	Management and General	Fund-Raising	Total
2020												
Compensation and benefits	$ 1,724,731	$ 1,368,601	$ 1,119,627	$ 1,175,928	$ 752,790	$ 328,433	$ 1,209,184	$ 435,633	$ 8,114,927	$ 910,380	$ 406,102	$ 9,431,409
Professional and contract fees	9,534	26,924	6,113	6,006	176,111	738	1,129	2,684	229,239	236,348	12,754	478,341
Training and development	21,901	24,995	16,377	6,795	4,148	15,910	7,470	2,401	99,997	38,812	5,224	144,033
Occupancy	63,586	156,039	67,676	90,491	50,556	19,510	7,413	39,413	494,684	53,361	3,069	551,114
Office expense	41,525	28,606	8,300	30,329	27,814	7,508	35,481	21,345	200,908	41,438	13,658	256,004
Program expense	4,631	436,846	41,537	55,647	110,310	1,617	1,995	229,483	882,066	16,087	1,238	899,391
Corporate insurance	41,164	26,195	26,195	24,324	15,130	5,613	20,582	9,355	168,558	13,098	5,613	187,269
Interest expense	19	322	180	20	32	-	2	125	700	99,148	30	99,878
Fundraising events	-	-	-	-	-	-	-	-	-	45	151,731	151,776
Depreciation	35,713	84,724	171,804	64,390	148,208	1,517	-	-	506,356	7,326	-	513,682
Other miscellaneous	6,940	5,915	3,795	3,024	5,284	857	2,500	2,423	30,738	22,630	9,669	63,037
Total expenses	$ 1,949,744	$ 2,159,167	$ 1,461,604	$ 1,456,954	$ 1,290,383	$ 381,703	$ 1,285,756	$ 742,862	$ 10,728,173	$ 1,438,673	$ 609,088	$ 12,775,934

See Notes to Financial Statements

Synergy Services, Inc.
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	$ 2,581,703	$ 167,377
Items not requiring (providing) cash		
Depreciation	525,884	513,682
Loss on disposal of property and equipment	-	2,811
Contributions received restricted for capital purchases	(1,038,621)	(75,000)
Provision for losses on uncollectible contributions	-	9,800
Forgiveness of Paycheck Protection Program loan	(1,444,200)	-
Changes in		
Grants and contracts receivable	204,659	(602,193)
Prepaid expenses	(1,082)	(35,288)
Contributions receivable	100,000	284,238
Accounts payable and accrued expenses	70,768	104,135
Deferred revenue	(662,553)	663,412
Net cash provided by operating activities	336,558	1,032,974
Investing Activities		
Purchase of property and equipment	(575,427)	(163,935)
Net cash used in investing activities	(575,427)	(163,935)
Financing Activities		
Proceeds from contributions restricted for capital purchases	1,038,621	75,000
Proceeds from issuance of notes payable	-	21,999
Proceeds from issuance of Paycheck Protection Program loan	-	1,444,200
Principal payments on notes payable	(651,397)	(130,015)
Net payments on line of credit	-	(546,000)
Net cash provided by financing activities	387,224	865,184
Increase in Cash and Cash Equivalents	148,355	1,734,223
Cash and Cash Equivalents, Beginning of Year	1,879,357	145,134
Cash and Cash Equivalents, End of Year	$ 2,027,712	$ 1,879,357
Supplemental Cash Flows Information		
Interest paid	$ 101,706	$ 94,982
Property and equipment in accounts payable	36,354	-
Notes payable incurred for purchase of building	800,000	-

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Synergy Services, Inc. (Organization or Synergy) is a lifeline for Greater Kansas City's families and individuals in crisis. For 50 years, the Organization has reached out to victims of violence, abuse and neglect and provided crisis intervention, shelter, counseling, mentoring, court services, prevention, education and advocacy. Through a series of mergers of smaller agencies, Synergy grew to become one of Kansas City's largest and most comprehensive social service agencies, providing a blend of programs and projects to overcome domestic violence, child abuse, bullying, family dysfunction and adolescent homelessness. Located largely in the Northland of Kansas City, the Organization serves clients of all ages from across the metropolitan area. True to its name, Synergy Services does provide *synergy*…the integrated work of the Organization is stronger and more complete than any of the Organization's component programs could be on their own.

Client-focused and committed to quality care, Synergy Services, Inc. is accredited by the Council on Accreditation (COA), licensed by the State of Missouri, accredited by the National Children's Alliance, certified by United Way and approved by Health and Human Services and the Missouri Counties of Clay, Platte and Ray Mental Health Board of Trustees. The Organization is a member of the Metropolitan Family Violence Coalition, the Missouri Coalition Against Domestic and Sexual Violence, the Missouri Coalition of Children's Agencies and the National Network for Youth.

The Organization's revenues and other support are derived principally from contributions, government grants, and contracts.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted primarily of money market accounts.

At December 31, 2021, the Organization's cash accounts exceeded federally insured limits by approximately $1,420,000.

Grants and Contracts Receivable

Contracts receivable resulting from exchange transactions are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive. Contracts receivable are ordinarily due 30 days after the issuance of the invoice.

Grants receivable primarily consists of amounts billed to federal, state and local agencies based on amounts defined in the contract or grant agreement. Grants receivable are typically paid by the granting agency in their normal course of business (usually within 60 days).

The Organization provides an allowance for uncollectable grants and contracts receivable, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Property and Equipment

Property and equipment acquisitions over $2,500 are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	30 years
Leasehold improvements	5-15 years
Furniture and equipment	3-10 years
Vehicles	3-10 years

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Deferred Revenue

Deferred revenue consists of payments received in advance from school district contracts and conditional contributions received in which a donor-imposed barrier has not been overcome. Revenue is recognized over the periods to which the fees relate or when the gift becomes unconditional.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor or grantor restrictions. Net assets with donor restrictions are subject to donor or grantor imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Contributions receivable as of December 31, 2020 were due within one year.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services was $22,005 and $0 for the years ended December 31, 2021 and 2020, respectively.

In-kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense or asset in its financial statements, and similarly increase contribution revenue by the same amount. For the years ended December 31, 2021 and 2020, $52,500 and $36,000, respectively, was received in in-kind contributions.

Government Grants and Contracts

Support funded by government grants and contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income, if any. The Organization files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on time studies, number of full-time equivalents or management's estimate of usage.

Note 2: Conditional Grant Commitments

Support funded by certain grants and contracts are conditioned upon performing various requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized as these conditions are met. Conditional grants with funding commitments that extend beyond December 31, 2021 and 2020 are as follows:

	2021		
Grant	Conditional Grant Amount	Recognized as of December 31	Funding Available
Conditional upon incurrence of allowable qualifying expenses	$ 2,316,258	$ 767,856	$ 1,548,402
Conditional upon specific individuals serviced	2,056,960	663,914	1,393,046
Conditional upon availability of funds	40,000	15,548	24,452
	$ 4,413,218	$ 1,447,318	$ 2,965,900

	2020		
Grant	Conditional Grant Amount	Recognized as of December 31	Funding Available
Conditional upon incurrence of allowable qualifying expenses	$ 3,854,302	$ 1,903,810	$ 1,950,492
Conditional upon specific individuals serviced	1,663,866	568,966	1,094,900
Conditional upon availability of funds	40,000	14,179	25,821
	$ 5,558,168	$ 2,486,955	$ 3,071,213

Note 3: Line-of-Credit Agreement

The Organization has a $1,000,000 revolving bank line of credit that expires in September 2022. At December 31, 2021 and 2020, there was $0 borrowed against this line. The line is secured by a building, accounts receivable and investments, if any. Interest was 5.00 percent at December 31, 2021 and 2020 and is calculated at 1.75 percent above the bank's prime rate.

Note 4: Paycheck Protection Program Loan

In April 2020, the Organization received a loan through the Small Business Administration (SBA) Paycheck Protection Program (PPP) established by the CARES Act in the amount of $1,444,200. The Organization has elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan is recognized as a gain in the financial statements in the period the debt is legally released.

In May 2021, the Organization received notice from the SBA that the loan forgiveness application had been approved in full. Gain on the forgiveness of the PPP loan is included on the statement of activities. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender. As a result of such audit, adjustments could be required to any gain recognized.

Note 5: Notes Payable

Notes payable at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Note payable, unrelated party (A)	$ 665,978	$ 763,526
Note payable, unrelated party (B)	369,439	388,095
Note payable, unrelated party (C)	345,019	367,524
Note payable, unrelated party (D)	295,324	-
Other	9,952	17,964
	1,685,712	1,537,109
Less current maturities	(190,964)	(143,107)
	$ 1,494,748	$ 1,394,002

(A) Due September 1, 2027; interest rate of 5 percent until September 2022 when it will be changed to the greater of 5 percent or the yield for U.S. Treasury obligations with the same maturity date plus 2 percent; principal and interest payments of $11,126 due monthly; secured by a deed of trust, assignment of leases and rents, security agreement and fixture filing.

(B) Due April 1, 2035; interest rate of 5.25 percent (re-indexed every five years), principal and interest payments of $3,216 due monthly, secured by a deed of trust, assignment of leases and rents, security agreement and fixture filing.

(C) Due October 1, 2032; interest rate of 5.625 percent until October 2022 when it will change to the greater of 5 percent or the yield for U.S. Treasury obligations with the same maturity date plus 2 percent; interest rate to be recalculated again in same manner in October 2027; principal and interest payments of $3,550 due monthly; secured by a deed of trust, assignment of leases and rents, security agreement and fixture filing.

(D) Due March 26, 2024; interest rate of 4 percent, principal and interest payments of $4,873 due monthly, secured by a deed of trust and assignment of leases and rents.

Aggregate maturities of notes payable at December 31, 2021 are as follows:

2022	$ 190,964
2023	203,048
2024	360,094
2025	165,276
2026	173,986
Thereafter	592,344
	$ 1,685,712

Note 6: Operating Leases

The Organization rents facility space under noncancellable operating leases that expire at various dates. The leases generally contain renewal options and require the Organization to pay all executory costs. Rent expense for operating leases was $370,397 and $277,213 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under operating leases at December 31, 2021 were:

2022	$ 208,568
2023	29,124
2024	26,912
2025	69,442
Total minimum lease payments	$ 334,046

Note 7: Revenue from Contracts with Clients

Revenue from Contracts with School Districts

The Organization has entered into contracts with various school districts to provide counseling and other services to children within the district. Each service type under the contracts represents a performance obligation and each performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefit. The Organization determines the transaction price based on standard charges for services provided. The Organization's right to consideration from a customer corresponds directly with the value of the Organization's performance completed to date (a service contract in which the Organization bills a fixed amount for each hour of service provided). Therefore, the Organization recognizes revenue in the amount to which it has a right to invoice for services performed. Customers are billed monthly for services provided.

Revenue recognized during the years ended December 31, 2021 and 2020 from contracts with school districts was $2,730,052 and $1,614,072, respectively, and is included in the grants and contracts on the statements of activities. The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the service provided and payers that have different payment methodologies.

The following table provides information about the Organization's receivables and contract liabilities from contracts with school districts:

	2021	2020
Accounts receivable, beginning of year	$ 172,327	$ 57,688
Accounts receivable, end of year	110,742	172,327
Deferred revenue, beginning of year	858,903	163,111
Deferred revenue, end of year	196,350	858,903

Program Revenue

Program revenue represents fees for services and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from individuals and third-party insurers and includes variable consideration including price concessions to third-party insurers. Revenue is recognized as the performance obligation is satisfied, which is over time as the services are provided as the customer simultaneously receives and consumes the benefit. The Organization determines the transaction price based on standard charges for services provided, reduced by discounts provided in accordance with the Organization's policy and implicit price concessions provided to clients. These contracts are generally short-term in nature (*e.g.*, single service session), and revenue is recognized based on the output of hours of service provided in relation to total hours. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the outputs needed to satisfy the obligation. Customers are generally billed at the time of service.

Program revenue for the years ended December 31, 2021 and 2020, was $160,563 and $160,084, respectively. The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the service provided and payers that have different reimbursement and payment methodologies.

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 and 2020, are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose		
Youth Resiliency Center and Clinic	$ 19,218	$ 20,000
Children's Center programs	43,976	42,749
Family Care programs	90,851	51,279
Scholarship program	141,036	150,000
Capital projects	36,180	75,000
Maternity group home	41,737	-
Time restrictions	20,000	-
Other program services	11,819	15,453
	404,817	354,481
Subject to use for specified purpose		
Pratt property - use restricted to crisis intervention, shelter, counseling, advocacy and education	333,572	343,738
Endowment		
General use - to be held in perpetuity	18,388	18,388
	$ 756,777	$ 716,607

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2021	2020
Satisfaction of purpose restrictions		
Youth Resiliency Center and Clinic	$ 20,000	$ 40,701
Children's Center programs	51,723	50,273
Family Care programs	51,279	99,511
Capital projects	75,000	-
Scholarship funds	10,214	-
Other program services	15,453	63,932
	$ 223,669	$ 254,417

Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, comprise the following:

	2021	2020
Financial assets		
Cash	$ 2,027,712	$ 1,879,357
Accounts and grants receivable	1,194,046	1,398,705
Contributions receivable	-	100,000
	3,221,758	3,378,062
Less amounts not available due to donor imposed restrictions	(195,604)	(243,388)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,026,154	$ 3,134,674

The Organization manages its liquidity by maintaining adequate liquid assets to fund short-term operating needs and also plans for future cash flow needs based on the Organization's long range plan. The Organization monitors liquidity by forecasting its future cash flows on a monthly basis utilizing multi-year government grant allocations (see *Note 2*), current contract commitments, historical cash flow data and the Organization's secured revolving line of credit with a maximum borrowing base of $1,000,000. The Organization considers contributions and grants restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended December 31, 2021 and 2020, restricted contributions of $227,601 and $129,481, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

Note 10: Retirement Plan

The Organization has a 401(k) plan covering substantially all employees. Employees may elect to defer a percentage of their salary, subject to IRS limitations. Additionally, the Organization matched 50 percent of the employee's deferral, not to exceed 4 percent of salary, during the year ended December 31, 2021 and 10 percent of the employee's deferral, not to exceed 4 percent of salary, during the year ended December 31, 2020. The Organization's contributions to the Plan were $66,660 and $11,366 for the years ended December 31, 2021 and 2020, respectively.

Note 11: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 10 percent and 13 percent of all contributions were received from one donor in 2021 and 2020, respectively.

Grants and Contracts

Victims of Crime Act

The Organization received grant funding under the *Victims of Crime Act* totaling $1,404,105 and $1,620,106 during the years ended December 31, 2021 and 2020, respectively. This accounted for approximately 8 percent and 13 percent, respectively, of the Organization's total revenue and support.

County Tax Levy

The Organization receives funds from the Missouri Counties of Clay, Platte and Ray Mental Health Board of Trustees. Tax levy revenue of $3,034,899 and $3,034,600 was recognized during the years ended December 31, 2021 and 2020, and accounted for approximately 18 percent and 23 percent, respectively, of the Organization's total revenue and support.

Note 12: Subsequent Events

Subsequent events have been evaluated through June 30, 2022, which is the date the financial statements were available to be issued.

Note 13: Future Changes in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Supplementary Information

Synergy Services, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Grantor/ Pass-Through Grantor/Program Title/Cluster Title	Federal Assistance Listing Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture/Missouri Department of Elementary and Secondary Education/National School Lunch Program/Child Nutrition Cluster Cluster	10.555	820-019	$ -	$ 34,088
U.S. Department of Housing and Urban Development/City of Kansas City, Missouri/Community Development Block Grants/ Entitlement Grants/CDBG Entitlement Grants Cluster	14.218	2020-0026 2021-0022	-	56,332
U.S. Department of Housing and Urban Development/Missouri Housing Development Commission/Emergency Solutions Grant Program	14.231	21-738-E 22-751-E 21-739-E 22-752-E	-	98,290
U.S. Department of Housing and Urban Development/Missouri Housing Development Commission/COVID-19 Emergency Solutions Grant Program	14.231	CV-890	-	371,691
U.S. Department of Housing and Urban Development/City of Kansas City, Missouri/Emergency Solutions Grant Program	14.231	2020-0009 2021-0029	-	52,789
U.S. Department of Housing and Urban Development/City of Kansas City, Missouri/COVID-19 Emergency Solutions Grant Program	14.231	2020-0068	-	53,862
Subtotal	14.231		-	576,632
U.S. Department of Justice/Missouri Department of Social Services/ Crime Victim Assistance	16.575	ER130200100 ER13021DV54	-	1,404,105
U.S. Department of Justice/National Children's Alliance Missouri Kids First/ Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	PARK-MO-EQUIP21	-	20,000
U.S. Department of Health and Human Services/Transitional Living for Homeless Youth	93.550	90CX7087-04 90CX7087-05 90CX7230-3	-	381,450
U.S. Department of Health and Human Services/COVID-19 Transitional Living for Homeless Youth	93.550	90CX7087-04 90CX7230-3	-	28,304
Subtotal	93.550		-	409,754
U.S. Department of Health and Human Services/reStart/Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90YO2323-03 90YO2426-01	-	88,329
U.S. Department of Health and Human Services/Temporary Assistance for Needy Families	93.558	PG941900053	-	34,687
U.S. Department of Health and Human Services/Basic Center Grant	93.623	90CY7206-01 90CY7206-02	-	204,485
U.S. Department of Health and Human Services/Missouri Department of Social Services/Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	PG941900053	-	64,143
U.S. Department of Homeland Security/United Way/Emergency Food and Shelter National Board Program	97.024	525800-037	-	16,002
U.S. Department of the Treasury/City of Kansas City, Missouri/COVID-19 Emergency Rental Assistance Program	21.023	2020-0172 2021-0105	-	586,657
National Endowment for the Arts/City of Kansas City, Missouri/Promotion of the Arts - Grants to Organizations and Individuals	45.024	Catalyst Project 2020-2021	-	375
National Endowment for the Arts/Missouri Arts Council/Promotion of the Arts - Partnership Agreements	45.025	2021-2826 2022-3425	-	19,536
Total			$ -	$ 3,515,125

Synergy Services, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Notes to Schedule

1. The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Synergy Services, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Synergy Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Synergy Services, Inc.

2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Synergy Services, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

FORV/S

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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 Auditor's Report

Board of Directors
Synergy Services, Inc.
Parkville, Missouri

We have audited, 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, the financial statements of Synergy Services, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, 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 June 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Kansas City, Missouri
June 30, 2022

FORVIS

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Synergy Services, Inc.
Parkville, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Synergy Services, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Synergy Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Synergy Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Synergy Services, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Synergy Services, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Synergy Services, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Synergy Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Synergy Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Synergy Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Synergy Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS, LLP

Kansas City, Missouri
June 30, 2022

Synergy Services, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None Reported

   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for each major federal awards program disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None Reported

   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on compliance for each major federal award was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. The Organization's major programs were:

Cluster/Program	CFDA Number
Crime Victim Assistance	16.575
Emergency Rental Assistance Program	21.023

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Organization qualified as a low-risk auditee? ☐ Yes ☒ No

Synergy Services, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs

No matters are reportable.

Findings Required to be Reported by Uniform Guidance

Reference Number	Finding	Questioned Costs

No matters are reportable.

Synergy Services, Inc.

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Summary of Finding	Status
	No matters are reportable.	

Findings Required to be Reported by Uniform Guidance

Reference Number	Summary of Finding	Status
	No matters are reportable.	