

Synergy Services, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021



Synergy Services, Inc.

December 31, 2022 and 2021

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

Basis for Opinion

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 (*Government Auditing Standards*). 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 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 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 GAAS. 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 July 21, 2023, 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
July 21, 2023

Synergy Services, Inc.
Statements of Financial Position
December 31, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	\$ 1,697,341	\$ 1,991,532
Restricted cash and cash equivalents	93,500	36,180
Grants and contracts receivable	1,716,585	1,194,046
Prepaid expenses and other assets	98,945	96,008
Right-of-use asset - operating leases	127,304	-
Property and equipment, at cost		
Land	750,000	750,000
Building and improvements	13,625,258	13,597,510
Leasehold improvements	288,852	288,852
Furniture and equipment	1,086,091	1,064,688
Vehicles	325,163	325,163
Construction in process	46,165	298
	<u>16,121,529</u>	<u>16,026,511</u>
Less accumulated depreciation	<u>(6,920,835)</u>	<u>(6,363,748)</u>
Property and equipment, net	<u>9,200,694</u>	<u>9,662,763</u>
Total assets	<u><u>\$ 12,934,369</u></u>	<u><u>\$ 12,980,529</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 164,241	\$ 199,988
Accrued expenses	895,630	712,394
Deferred revenue	270,407	196,350
Notes payable	681,462	1,685,712
Operating lease liabilities - right-of-use	<u>127,304</u>	<u>-</u>
Total liabilities	<u>2,139,044</u>	<u>2,794,444</u>

Net Assets

Without donor restrictions	10,104,941	9,429,308
With donor restrictions	<u>690,384</u>	<u>756,777</u>
Total net assets	<u>10,795,325</u>	<u>10,186,085</u>
Total liabilities and net assets	<u><u>\$ 12,934,369</u></u>	<u><u>\$ 12,980,529</u></u>

Synergy Services, Inc.
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions of cash and other financial assets	\$ 2,337,483	\$ 199,374	\$ 2,536,857	\$ 3,529,050	\$ 263,839	\$ 3,792,889
Contributions of nonfinancial assets	127,593	-	127,593	74,505	-	74,505
Grants and contracts	12,977,577	-	12,977,577	11,547,771	-	11,547,771
Program revenue	188,755	-	188,755	160,563	-	160,563
Paycheck Protection Program loan forgiveness	-	-	-	1,444,200	-	1,444,200
Other	164,680	-	164,680	97,800	-	97,800
Net assets released from restrictions	265,767	(265,767)	-	223,669	(223,669)	-
Total revenues, gains and other support	16,061,855	(66,393)	15,995,462	17,077,558	40,170	17,117,728
Expenses and Losses						
Program services						
Family Care	2,398,504	-	2,398,504	2,117,645	-	2,117,645
Domestic Violence Center	2,647,222	-	2,647,222	2,388,940	-	2,388,940
Children's Center	1,357,607	-	1,357,607	1,549,562	-	1,549,562
Synergy House	1,190,873	-	1,190,873	1,342,198	-	1,342,198
Youth Resiliency Center and Street Outreach	1,261,078	-	1,261,078	1,313,455	-	1,313,455
Children's Advocacy Center	575,927	-	575,927	452,786	-	452,786
School-Based Integrated Services	2,676,437	-	2,676,437	2,129,568	-	2,129,568
Youth Transitional Housing	653,612	-	653,612	582,124	-	582,124
Community Emergency Rental Services	224,801	-	224,801	414,811	-	414,811
Total program services	12,986,061	-	12,986,061	12,291,089	-	12,291,089
Management and general	1,616,241	-	1,616,241	1,621,092	-	1,621,092
Fundraising	783,920	-	783,920	623,844	-	623,844
Total support services	2,400,161	-	2,400,161	2,244,936	-	2,244,936
Total expenses and losses	15,386,222	-	15,386,222	14,536,025	-	14,536,025
Change in Net Assets	675,633	(66,393)	609,240	2,541,533	40,170	2,581,703
Net Assets, Beginning of Year	9,429,308	756,777	10,186,085	6,887,775	716,607	7,604,382
Net Assets, End of Year	\$ 10,104,941	\$ 690,384	\$ 10,795,325	\$ 9,429,308	\$ 756,777	\$ 10,186,085

See Notes to Financial Statements

Synergy Services, Inc.

Statements of Functional Expenses

Years Ended December 31, 2022 and 2021

	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
2022													
Compensation and benefits	\$ 2,127,840	\$ 1,607,113	\$ 1,003,140	\$ 934,939	\$ 726,063	\$ 376,878	\$ 2,541,766	\$ 401,492	\$ -	\$ 9,719,231	\$ 1,060,618	\$ 457,388	\$ 11,237,237
Professional and contract fees	1,037	12,727	1,994	1,726	199,938	879	1,259	270	1,032	220,862	167,339	18,709	406,910
Training and development	34,809	33,591	13,946	22,101	12,956	18,111	15,854	4,875	-	156,243	69,406	11,716	237,365
Occupancy	107,688	152,564	67,630	84,178	72,801	91,892	29,723	39,870	-	646,346	90,388	3,386	740,120
Office expense	37,170	30,609	8,306	13,737	32,752	23,748	28,015	4,774	-	179,111	31,643	15,314	226,068
Program expense	5,793	663,196	72,854	42,560	33,940	3,378	1,839	190,503	223,769	1,237,832	5,167	4,161	1,247,160
Corporate insurance	43,393	40,840	28,078	28,078	17,868	7,658	51,050	10,210	-	227,175	22,971	5,105	255,251
Interest expense	204	1,956	106	274	134	3	26	149	-	2,852	86,453	571	89,876
Fundraising events	-	-	-	-	-	-	-	-	-	-	-	227,931	227,931
Depreciation	35,051	82,902	157,186	63,583	156,668	50,203	-	-	-	545,593	11,493	-	557,086
Other miscellaneous	5,519	21,724	4,367	(303)	7,958	3,177	6,905	1,469	-	50,816	70,763	39,639	161,218
Total expenses	\$ 2,398,504	\$ 2,647,222	\$ 1,357,607	\$ 1,190,873	\$ 1,261,078	\$ 575,927	\$ 2,676,437	\$ 653,612	\$ 224,801	\$ 12,986,061	\$ 1,616,241	\$ 783,920	\$ 15,386,222
	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

See Notes to Financial Statements

Synergy Services, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 609,240	\$ 2,581,703
Items not requiring (providing) cash		
Depreciation	557,086	525,884
Noncash operating lease expense	18,264	-
Contributions received restricted for capital purchases	(100,000)	(1,038,621)
Forgiveness of Paycheck Protection Program loan	-	(1,444,200)
Changes in		
Grants and contracts receivable	(522,539)	204,659
Prepaid expenses	(2,937)	(1,082)
Contributions receivable	-	100,000
Accounts payable and accrued expenses	183,843	70,768
Deferred revenue	74,057	(662,553)
Operating lease liabilities - right-of-use	(18,264)	-
	<u>798,750</u>	<u>336,558</u>
Net cash provided by operating activities		
Investing Activities		
Purchase of property and equipment	(131,371)	(575,427)
	<u>(131,371)</u>	<u>(575,427)</u>
Net cash used in investing activities		
Financing Activities		
Proceeds from contributions restricted for capital purchases	100,000	1,038,621
Principal payments on notes payable	(1,004,250)	(651,397)
	<u>(904,250)</u>	<u>387,224</u>
Net cash provided by (used in) financing activities		
Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(236,871)	148,355
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>2,027,712</u>	<u>1,879,357</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 1,790,841</u></u>	<u><u>\$ 2,027,712</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 84,088	\$ 101,706
Property and equipment in accounts payable	-	36,354
Notes payable incurred for purchase of building	-	800,000
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 1,697,341	\$ 1,991,532
Restricted cash and cash equivalents	<u>93,500</u>	<u>36,180</u>
Total cash and cash equivalents and restricted cash and cash equivalents shown on the consolidated statements of cash flows	<u><u>\$ 1,790,841</u></u>	<u><u>\$ 2,027,712</u></u>

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021, cash equivalents consisted primarily of money market accounts.

At December 31, 2022, the Organization's cash accounts exceeded federally insured limits by approximately \$1,146,000.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021.

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.

Synergy Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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
<i>Conditional gifts, with or without restriction</i>	
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>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
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.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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.

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.

Revisions

Certain immaterial revisions have been made to the 2021 financial statements to separately present restricted cash and cash equivalents on the statement of financial position. These revisions had no impact on the change in net assets.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021 are as follows:

Grant	2022		
	Conditional Grant Amount	Recognized as of December 31	Funding Available
Conditional upon incurrence of allowable qualifying expenses	\$ 3,694,109	\$ 1,441,713	\$ 2,252,396
Conditional upon specific individuals serviced	2,750,554	791,085	1,959,469
	<u>\$ 6,444,663</u>	<u>\$ 2,232,798</u>	<u>\$ 4,211,865</u>
Grant	2021		
	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
	<u>\$ 4,413,218</u>	<u>\$ 1,447,318</u>	<u>\$ 2,965,900</u>

Note 3: Line-of-Credit Agreement

The Organization has a \$1,000,000 revolving bank line of credit that expires in September 2023. At December 31, 2022 and 2021, there was \$0 borrowed against this line. The line is secured by a building, accounts receivable and investments, if any. Interest was 8.75 percent at December 31, 2022 and is calculated at 1.25 percent above the bank's prime rate. Interest was 5.00 percent at December 31, 2021 and is calculated at 1.75 percent above the bank's prime rate.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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 2021 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, 2022 and 2021, consisted of the following:

	2022	2021
Note payable, unrelated party (A)	\$ -	\$ 665,978
Note payable, unrelated party (B)	349,780	369,439
Note payable, unrelated party (C)	322,514	345,019
Note payable, unrelated party (D)	-	295,324
Other	9,168	9,952
	<u>681,462</u>	<u>1,685,712</u>
Less current maturities	<u>(50,048)</u>	<u>(190,964)</u>
	<u><u>\$ 631,414</u></u>	<u><u>\$ 1,494,748</u></u>

- (A) Due September 1, 2027; interest rate of 5.30 percent (re-indexed every five years), 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. Note was paid in full in December 2022.
- (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 5.83 percent (re-indexed every five years), 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.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

- (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. Note was paid in full in December 2022.

Aggregate maturities of notes payable at December 31, 2022 are as follows:

2023	\$ 50,048
2024	53,024
2025	51,002
2026	53,927
2027	56,927
Thereafter	416,534
	<hr/>
	\$ 681,462
	<hr/>

Note 6: Leases

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

The Organization adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Organization has lease agreements with nonlease components that relate to the lease components. The Organization elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Organization elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$145,568. The standard did not significantly affect the statements of activities or cash flows.

Synergy Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Organization has entered into the following lease arrangements:

Operating Leases

The Organization has leases for office space and solar panels that expire in various years through 2032. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Short-Term Leases

The Organization leases apartments for clients in need of housing. The expected lease terms are less than 12 months. Total lease expense included in operating expenses for the year ended December 31, 2022, was \$457,945.

All Leases

The Organization has no material related-party leases.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Quantitative Disclosures

The lease cost and other required information for the year ended December 31, 2022 is:

	2022
Lease cost	
Operating lease cost	\$ 18,264
Short-term lease cost	457,945
	<hr/>
Total lease cost	\$ 476,209
	<hr/>
	2022
	<hr/>
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 18,264
Weighted-average remaining lease term	
Operating leases	6.98 years
Weighted-average discount rate	
Operating leases	1.6%

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2022, are as follows:

	Operating Leases
	<hr/>
2023	\$ 20,400
2024	20,400
2025	20,400
2026	20,400
2027	20,400
Thereafter	32,400
	<hr/>
Total future undiscounted lease payments	134,400
Less imputed interest	(7,096)
	<hr/>
Lease liabilities	\$ 127,304
	<hr/>

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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 unit 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, 2022 and 2021 from contracts with school districts was \$2,970,166 and \$2,730,052, 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:

	2022	2021
Grants and contracts receivable, beginning of year	\$ 110,742	\$ 172,327
Grants and contracts receivable, end of year	335,355	110,742
Deferred revenue, beginning of year	196,350	858,903
Deferred revenue, end of year	270,407	196,350

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.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Program revenue for the years ended December 31, 2022 and 2021, was \$188,755 and \$160,563, 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: Contributed Nonfinancial Assets

Change in Accounting Principle

In 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation, methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities were as follows:

Non-financial Contributions Category	Type of Contributions for Beneficiaries	Valuation	2022	2021
Building and land	Occupancy of building space for general and administrative and program activities.	Fair value based on the square footage and recent available rent prices for comparable buildings and land.	\$ 99,000	\$ 52,500
In-kind services	Contributed services were provided related to fundraising activities.	Fair value based on current rates for similar services required for hosting fundraising events.	28,593	22,005
			<u>\$ 127,593</u>	<u>\$ 74,505</u>

The nonfinancial assets listed above are recognized within revenue. Contributed nonfinancial assets did not have donor-imposed restrictions.

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.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 9: Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021, are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose		
Youth Resiliency Center and Clinic	\$ 35,467	\$ 19,218
Children's Center programs	34,614	43,976
Family Care programs	-	90,851
Scholarship program	140,399	141,036
Capital projects	93,500	36,180
Maternity group home	-	41,737
Time restrictions	27,000	20,000
Other program services	17,611	11,819
	<u>348,591</u>	<u>404,817</u>
Subject to use for specified purpose		
Pratt property - use restricted to crisis intervention, shelter, counseling, advocacy and education	<u>323,405</u>	<u>333,572</u>
Endowment		
General use - to be held in perpetuity	<u>18,388</u>	<u>18,388</u>
	<u><u>\$ 690,384</u></u>	<u><u>\$ 756,777</u></u>

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

	2022	2021
Expiration of time restrictions	\$ 10,000	\$ -
Satisfaction of purpose restrictions		
Youth Resiliency Center and Clinic	19,218	20,000
Children's Center programs	52,724	51,723
Family Care programs	132,588	51,279
Capital projects	36,180	75,000
Scholarship funds	3,236	10,214
Other program services	11,821	15,453
	<u><u>\$ 265,767</u></u>	<u><u>\$ 223,669</u></u>

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 10: 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, 2022 and 2021, comprise the following:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 1,697,341	\$ 1,991,532
Grants and contracts receivable	1,716,585	1,194,046
	<u>3,413,926</u>	<u>3,185,578</u>
Less amounts not available due to donor imposed restrictions	<u>(158,787)</u>	<u>(159,424)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,255,139</u></u>	<u><u>\$ 3,026,154</u></u>

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, 2022 and 2021, restricted contributions of \$97,692 and \$227,601, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

Note 11: 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 years ended December 31, 2022 and 2021. The Organization's contributions to the Plan were \$72,336 and \$66,660 for the years ended December 31, 2022 and 2021, respectively.

Synergy Services, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 12: 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 15 percent and 10 percent of all contributions were received from one donor in 2022 and 2021, respectively.

Grants and Contracts

Victims of Crime Act

The Organization received grant funding under the *Victims of Crime Act* totaling \$1,421,837 and \$1,404,105 during the years ended December 31, 2022 and 2021, respectively. This accounted for approximately 9 percent and 8 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 \$3,345,734 and \$3,034,899 was recognized during the years ended December 31, 2022 and 2021, and accounted for approximately 21 percent and 18 percent, respectively, of the Organization's total revenue and support.

Note 13: Subsequent Events

Subsequent events have been evaluated through July 21, 2023, which is the date the financial statements were available to be issued.

Subsequent to year end the Organization received a contribution of property with an appraised value of \$1,990,000.

Supplementary Information

Synergy Services, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

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	10.555	820-019	\$ -	\$ 13,634
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	2021-0022 2022-0051	-	43,599
U.S. Department of Housing and Urban Development/Missouri Housing Development Commission/Emergency Solutions Grant Program	14.231	22-751-E 22-752-E 23-776-E	-	81,643
U.S. Department of Housing and Urban Development/Missouri Housing Development Commission/COVID-19 Emergency Solutions Grant Program	14.231	CV-890	-	133,008
U.S. Department of Housing and Urban Development/City of Kansas City, Missouri/Emergency Solutions Grant Program	14.231	2021-0029 2022-0015	-	88,337
Subtotal	14.231		-	302,988
U.S. Department of Housing and Urban Development/Continuum of Care Program	14.267	MO336D7P062100	-	12,208
U.S. Department of Justice/Missouri Department of Social Services/Crime Victim Assistance	16.575	ER130200100 ER130220168	-	1,069,140
U.S. Department of Justice/Missouri Department of Social Services/COVID-19 Crime Victim Assistance	16.575	ER130220168	-	352,697
Subtotal	16.575		-	1,421,837
U.S. Department of Health and Human Services/Transitional Living for Homeless Youth	93.550	90CX7087-05 90CX7436-01 90YZ0036-01	-	244,941
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	90YO2426-01 90YO2426-02	-	147,687
U.S. Department of Health and Human Services/Temporary Assistance for Needy Families	93.558	PG941900053	-	37,628
U.S. Department of Health and Human Services/Basic Center Grant	93.623	90CY7206-02 90CY7206-03	-	203,470
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	-	54,427
U.S. Department of Health and Human Services/Missouri Department of Social Services/Family Violence Prevention and Services/COVID-19 Domestic Violence Shelter and Supportive Services	93.671	PG941900053	-	36,379
Subtotal	93.671		-	90,806

The accompanying notes are an integral part of this Schedule

Synergy Services, Inc.
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2022

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 the Treasury/City of Kansas City, Missouri/COVID-19 Emergency Rental Assistance Program	21.023	2021-0105 2022-0030	\$ -	\$ 567,799
National Endowment for the Arts/Missouri Arts Council/Promotion of the Arts - Grants to Organizations and Individuals	45.024	2023-3854	-	14,166
U.S. Department of Education/North Kansas City School District/Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	N/A	-	19,293
Total			<u>\$ -</u>	<u>\$ 3,120,056</u>

Synergy Services, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Note 1: Basis of Presentation

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, 2022. 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.

Note 2: Summary of Significant Accounting Policies

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.

Note 3: Indirect Cost Rate

Synergy Services, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 (*Government Auditing Standards*), the financial statements of Synergy Services, Inc. (the Organization), which comprise the Organization's statement of financial position as of December 31, 2022, 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 July 21, 2023.

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
July 21, 2023

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, 2022. 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, the Organization 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, 2022.

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 the Organization 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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
July 21, 2023

Synergy Services, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

1. 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):

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for major federal programs:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

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

7. Identification of major federal programs:

Name of Federal Cluster/Program	Assistance Listing Number
Crime Victim Assistance	16.575
Emergency Rental Assistance Program	21.023

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

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

Synergy Services, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2022

Section II - Financial Statement Findings

Reference Number	Finding
No matters are reportable.	

Section III - Federal Award Findings and Questioned Costs

Reference Number	Finding
No matters are reportable.	

Synergy Services, Inc.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

Reference Number	Summary of Finding	Status
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No matters are reportable.