




# **Synergy Services, Inc.**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022



**Synergy Services, Inc.**  
**December 31, 2023 and 2022**

**Contents**

<b>Independent Auditor's Report.....</b>	<b>1</b>
 <b>Financial Statements</b>	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7
 <b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards .....	22
Notes to the Schedule of Expenditures of Federal Awards .....	23
 <b>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.....</b>	
	<b>24</b>
 <b>Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor's Report.....</b>	
	<b>26</b>
 <b>Schedule of Findings and Questioned Costs .....</b>	<b>29</b>
 <b>Summary Schedule of Prior Audit Findings .....</b>	<b>31</b>

## 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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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 8, 2024, 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.

**Forris Mazars, LLP**

Kansas City, Missouri  
July 8, 2024

**Synergy Services, Inc.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

**Assets**

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 1,827,983	\$ 1,697,341
Restricted cash and cash equivalents	4,628,297	93,500
Grants and contracts receivable	1,361,819	1,716,585
Contributions receivable	670,360	-
Prepaid expenses and other assets	105,567	98,945
Right-of-use asset - operating leases	107,748	127,304
Property and equipment, at cost		
Land	2,110,000	750,000
Building and improvements	13,625,258	13,625,258
Leasehold improvements	288,852	288,852
Furniture and equipment	1,142,238	1,086,091
Vehicles	407,875	325,163
Construction in process	1,481,999	46,165
	<u>19,056,222</u>	<u>16,121,529</u>
Less accumulated depreciation	<u>(7,461,709)</u>	<u>(6,920,835)</u>
Property and equipment, net	<u>11,594,513</u>	<u>9,200,694</u>
Total assets	<u><u>\$ 20,296,287</u></u>	<u><u>\$ 12,934,369</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 174,183	\$ 164,241
Accrued expenses	997,662	895,630
Deferred revenue	77,522	270,407
Notes payable	631,405	681,462
Operating lease liabilities - right-of-use	107,748	127,304
Total liabilities	<u>1,988,520</u>	<u>2,139,044</u>

**Net Assets**

Without donor restrictions	11,988,190	10,104,941
With donor restrictions	<u>6,319,577</u>	<u>690,384</u>
Total net assets	<u>18,307,767</u>	<u>10,795,325</u>
Total liabilities and net assets	<u><u>\$ 20,296,287</u></u>	<u><u>\$ 12,934,369</u></u>

**Synergy Services, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>			<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>						
Contributions of cash and other financial assets	\$ 2,461,006	\$ 5,743,932	\$ 8,204,938	\$ 2,337,483	\$ 199,374	\$ 2,536,857
Contributions of nonfinancial assets	2,651,092	-	2,651,092	127,593	-	127,593
Grants and contracts	13,302,598	-	13,302,598	12,977,577	-	12,977,577
Program revenue	351,258	-	351,258	188,755	-	188,755
Other	160,052	2,000	162,052	164,680	-	164,680
Net assets released from restrictions	116,739	(116,739)	-	265,767	(265,767)	-
Total revenues, gains and other support	19,042,745	5,629,193	24,671,938	16,061,855	(66,393)	15,995,462
<b>Expenses and Losses</b>						
Program services						
Family Care	2,472,180	-	2,472,180	2,398,504	-	2,398,504
Domestic Violence Services	3,327,838	-	3,327,838	2,647,222	-	2,647,222
Children's Center	1,351,349	-	1,351,349	1,357,607	-	1,357,607
Synergy House	1,323,778	-	1,323,778	1,190,873	-	1,190,873
Youth Resiliency Center and Street Outreach	1,379,995	-	1,379,995	1,261,078	-	1,261,078
Children's Advocacy Center	588,038	-	588,038	575,927	-	575,927
School-Based Integrated Services	3,333,073	-	3,333,073	2,676,437	-	2,676,437
Youth Transitional Housing	871,253	-	871,253	653,612	-	653,612
Community Emergency Rental Services	-	-	-	224,801	-	224,801
Total program services	14,647,504	-	14,647,504	12,986,061	-	12,986,061
Management and general	1,585,233	-	1,585,233	1,616,241	-	1,616,241
Fundraising	926,759	-	926,759	783,920	-	783,920
Total support services	2,511,992	-	2,511,992	2,400,161	-	2,400,161
Total expenses and losses	17,159,496	-	17,159,496	15,386,222	-	15,386,222
<b>Change in Net Assets</b>	1,883,249	5,629,193	7,512,442	675,633	(66,393)	609,240
<b>Net Assets, Beginning of Year</b>	10,104,941	690,384	10,795,325	9,429,308	756,777	10,186,085
<b>Net Assets, End of Year</b>	\$ 11,988,190	\$ 6,319,577	\$ 18,307,767	\$ 10,104,941	\$ 690,384	\$ 10,795,325

See Notes to Financial Statements

# Synergy Services, Inc.

## Statements of Functional Expenses

### Years Ended December 31, 2023 and 2022

	Program Services									Support Services			
	Family Care	Domestic Violence Services	Children's Center	Synergy House	Youth	Children's Advocacy Center	School-Based Integrated Services	Youth Transitional Housing	Total Program Services	Management and General	Fund-Raising	Total	
					Resiliency Center and Street Outreach								
2023													
Compensation and benefits	\$ 2,157,421	\$ 1,906,432	\$ 968,143	\$ 1,042,181	\$ 807,088	\$ 427,658	\$ 3,205,753	\$ 552,873	\$ 11,067,549	\$ 1,100,291	\$ 440,756	\$ 12,608,596	
Professional and contract fees	3,431	4,296	1,237	690	209,946	869	1,907	381	222,757	169,279	43,323	435,359	
Training and development	24,107	44,830	12,825	22,500	15,126	17,215	15,480	8,531	160,614	92,581	21,775	274,970	
Occupancy	155,993	187,448	81,934	87,853	73,243	48,821	38,826	42,711	716,829	67,453	6,305	790,587	
Office expense	38,420	48,327	11,671	19,578	23,017	23,567	20,805	11,766	197,151	22,626	7,856	227,633	
Program expense	14,341	745,518	76,488	54,107	59,753	4,973	3,250	240,799	1,199,229	6,269	2,854	1,208,352	
Corporate insurance	37,231	48,687	34,367	28,640	37,231	11,456	37,231	11,456	246,299	38,081	2,864	287,244	
Interest expense	946	254	133	277	484	15	35	7	2,151	36,558	904	39,613	
Fundraising events	-	190	-	-	-	-	-	-	190	124	343,401	343,715	
Depreciation	31,569	78,680	157,652	63,681	149,399	50,145	-	-	531,126	9,749	-	540,875	
Capital campaign expense	-	204,447	-	-	-	-	-	-	204,447	-	-	204,447	
Other miscellaneous	8,721	58,729	6,899	4,271	4,708	3,319	9,786	2,729	99,162	42,222	56,721	198,105	
Total expenses	\$ 2,472,180	\$ 3,327,838	\$ 1,351,349	\$ 1,323,778	\$ 1,379,995	\$ 588,038	\$ 3,333,073	\$ 871,253	\$ 14,647,504	\$ 1,585,233	\$ 926,759	\$ 17,159,496	
	Program Services									Support Services			
	Family Care	Domestic Violence Services	Children's Center	Synergy House	Youth	Children's Advocacy Center	School-Based Integrated Services	Youth Transitional Housing	Community Emergency Rental Services	Total Program Services	Management and General	Fund-Raising	Total
					Resiliency Center and Street Outreach								
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

**Synergy Services, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Change in net assets	\$ 7,512,442	\$ 609,240
Items not requiring (providing) cash		
Depreciation	540,875	557,086
Noncash operating lease expense	22,606	18,264
Contributions received restricted for capital purchases	(5,678,344)	(100,000)
Contributions of property and equipment	(1,997,000)	-
Changes in		
Grants and contracts receivable	354,766	(522,539)
Prepaid expenses	(6,622)	(2,937)
Accounts payable and accrued expenses	98,111	183,843
Deferred revenue	(192,885)	74,057
Operating lease liabilities - right-of-use	(22,606)	(18,264)
	<u>631,343</u>	<u>798,750</u>
Net cash provided by operating activities		
<b>Investing Activities</b>		
Purchase of property and equipment	<u>(923,831)</u>	<u>(131,371)</u>
	<u>(923,831)</u>	<u>(131,371)</u>
Net cash used in investing activities		
<b>Financing Activities</b>		
Proceeds from contributions restricted for capital purchases	5,007,984	100,000
Principal payments on notes payable	<u>(50,057)</u>	<u>(1,004,250)</u>
	<u>4,957,927</u>	<u>(904,250)</u>
Net cash used in financing activities		
<b>Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	4,665,439	(236,871)
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>	<u>1,790,841</u>	<u>2,027,712</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u><u>\$ 6,456,280</u></u>	<u><u>\$ 1,790,841</u></u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 39,613	\$ 84,088
Property and equipment in accounts payable	13,863	-
Changes to lease balances resulting from lease modifications	3,050	-
Property and equipment acquired through noncash contributions	1,997,000	-
<b>Reconciliation to Statements of Financial Position</b>		
Cash and cash equivalents	\$ 1,827,983	\$ 1,697,341
Restricted cash and cash equivalents	<u>4,628,297</u>	<u>93,500</u>
	<u>6,456,280</u>	<u>1,790,841</u>
Total cash and cash equivalents and restricted cash and cash equivalents shown on the consolidated statements of cash flows	<u><u>\$ 6,456,280</u></u>	<u><u>\$ 1,790,841</u></u>



**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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, 2023, cash equivalents consisted primarily of money market accounts and money market mutual funds. At December 31, 2022, cash equivalents consisted primarily of money market accounts.

At December 31, 2023, the Organization's cash and cash equivalents exceeded federally insured limits by approximately \$5,741,000.

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

***Restricted Cash and cash equivalents***

Restricted cash and cash equivalents represents cash and cash equivalents that have been restricted by donors for long-term uses, such as capital projects.

***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 credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts.

***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, 2023 and 2022.

# Synergy Services, Inc.

## Notes to Financial Statements

### December 31, 2023 and 2022

#### **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:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<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

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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.

***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.

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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, 2023 and 2022 are as follows:

Grant	2023		
	Conditional Grant Amount	Recognized as of December 31	Funding Available
Conditional upon incurrence of allowable qualifying expenses	\$ 4,264,235	\$ 1,673,298	\$ 2,590,937
Conditional upon specific individuals served	2,219,545	713,411	1,506,134
	<u>\$ 6,483,780</u>	<u>\$ 2,386,709</u>	<u>\$ 4,097,071</u>
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 served	2,750,554	791,085	1,959,469
	<u>\$ 6,444,663</u>	<u>\$ 2,232,798</u>	<u>\$ 4,211,865</u>

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**Note 3: Contributions Receivable**

Contributions receivable consisted of the following as of December 31:

	<b>2023</b>
Due within one year	\$ 250,000
Due in one to five years	500,000
	<u>750,000</u>
Less	
Unamortized discount	<u>(79,640)</u>
	<u><u>\$ 670,360</u></u>

Discount rate was 5.83% for 2023. There were no contributions receivable as of December 31, 2022.

**Note 4: Line-of-Credit Agreement**

The Organization has a \$1,000,000 revolving bank line of credit that expires in September 2024. At December 31, 2023 and 2022, there was \$0 borrowed against this line. The line is secured by a building, accounts receivable and investments, if any. Interest was 9.75% and 8.75% at December 31, 2023 and 2022, respectively, and is calculated at 1.25% above the bank's prime rate.

**Note 5: Notes Payable**

Notes payable at December 31, 2023 and 2022, consisted of the following:

	<b>2023</b>	<b>2022</b>
Note payable, unrelated party (A)	\$ 329,063	\$ 349,780
Note payable, unrelated party (B)	297,574	322,514
Other	4,768	9,168
	<u>631,405</u>	<u>681,462</u>
Less current maturities	<u>(50,048)</u>	<u>(50,048)</u>
	<u><u>\$ 581,357</u></u>	<u><u>\$ 631,414</u></u>

- (A) Due April 1, 2035; interest rate of 5.25% (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.

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

- (B) Due October 1, 2032; interest rate of 5.83% (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.

Aggregate maturities of notes payable at December 31, 2023 are as follows:

2024	\$ 50,048
2025	53,978
2026	53,927
2027	56,677
2028	60,063
Thereafter	<u>356,712</u>
	<u><u>\$ 631,405</u></u>

**Note 6: Leases**

***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.

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

***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 years ended December 31, 2023 and 2022, was \$554,475 and \$457,945, respectively.

***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.

***Quantitative Disclosures***

The lease cost and other required information for the years ended December 31, 2023 and 2022 are:

	<b>2023</b>	<b>2022</b>
Lease cost		
Operating lease cost	\$ 22,606	18,264
Short-term lease cost	554,475	457,945
	<u>\$ 577,081</u>	<u>\$ 476,209</u>
	<b>2023</b>	<b>2022</b>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 22,606	\$ 18,264
Weighted-average remaining lease term		
Operating leases	6.07 years	6.98 years
Weighted-average discount rate		
Operating leases	3.1%	1.6%



**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2023, are as follows:

	<b>Operating Leases</b>
2024	\$ 21,000
2025	21,000
2026	21,000
2027	21,000
2028	15,600
Thereafter	<u>17,200</u>
Total future undiscounted lease payments	116,800
Less imputed interest	<u>(9,052)</u>
Lease liabilities	<u><u>\$ 107,748</u></u>

**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, 2023 and 2022 from contracts with school districts was \$4,051,766 and \$2,970,166, 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.

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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

	<b>2023</b>	<b>2022</b>
Grants and contracts receivable, beginning of year	\$ 335,355	\$ 110,742
Grants and contracts receivable, end of year	394,886	335,355
Deferred revenue, beginning of year	270,407	196,350
Deferred revenue, end of year	77,522	270,407

***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, 2023 and 2022, was \$351,258 and \$188,755, 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.

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**Note 8: Contributed Nonfinancial Assets**

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities were as follows:

<b>Non-financial Contributions Category</b>	<b>Type of Contributions for Beneficiaries</b>	<b>Valuation</b>	<b>2023</b>	<b>2022</b>
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.	\$ 97,000	\$ 99,000
Building and land	Ownership of building and land for program activities.	Fair value based on appraisal.	1,990,000	-
In-kind services	Contributed services were provided related to construction on new project.	Fair value based on current rates for similar services required for construction projects.	502,688	-
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.	61,404	28,593
			\$ 2,651,092	\$ 127,593

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, 2023 and 2022**

**Note 9: Net Assets With Donor Restrictions**

Net assets with donor restrictions at December 31, 2023 and 2022, are restricted for the following purposes or periods:

	<b>2023</b>	<b>2022</b>
<b>Subject to expenditure for specified purpose</b>		
Youth Resiliency Center and Clinic	\$ 7,747	\$ 35,467
Children's Center programs	31,419	34,614
Scholarship program	129,951	140,399
Capital projects	5,101,484	93,500
Time restrictions	19,000	27,000
Other program services	27,989	17,611
Contributions receivable, the proceeds from which have been restricted by donors for Capital projects	670,361	-
	<u>5,987,951</u>	<u>348,591</u>
<b>Subject to use for specified purpose</b>		
Pratt property - use restricted to crisis intervention, shelter, counseling, advocacy and education	<u>313,238</u>	<u>323,405</u>
<b>Endowment</b>		
General use - to be held in perpetuity	<u>18,388</u>	<u>18,388</u>
	<u><u>\$ 6,319,577</u></u>	<u><u>\$ 690,384</u></u>

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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

	<b>2023</b>	<b>2022</b>
Expiration of time restrictions	\$ 10,000	\$ 10,000
Satisfaction of purpose restrictions		
Youth Resiliency Center and Clinic	35,467	19,218
Children's Center programs	43,212	52,724
Family Care programs	-	132,588
Capital projects	-	36,180
Scholarship funds	10,449	3,236
Other program services	17,611	11,821
	<u>\$ 116,739</u>	<u>\$ 265,767</u>

**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, 2023 and 2022, comprise the following:

	<b>2023</b>	<b>2022</b>
Financial assets		
Cash and cash equivalents	\$ 1,827,983	\$ 1,697,341
Grants and contracts receivable	1,361,819	1,716,585
Contributions receivable	670,360	-
	<u>3,860,162</u>	<u>3,413,926</u>
Less amounts not available due to donor imposed restrictions	<u>(688,748)</u>	<u>(158,787)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,171,414</u>	<u>\$ 3,255,139</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, 2023 and 2022, restricted contributions of \$67,156 and \$97,692, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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% of the employee's deferral, not to exceed 4% of salary, during the years ended December 31, 2023 and 2022. The Organization's contributions to the Plan were \$72,892 and \$72,336 for the years ended December 31, 2023 and 2022, respectively.

**Note 12: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023:

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
<b>December 31, 2023</b>					
<b>Assets</b>					
Cash equivalents - Money					
market mutual					
fund	\$ 2,861,192	\$ 2,861,192	\$ -	\$ -	\$ -

**Synergy Services, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023.

***Cash Equivalents***

Where quoted market prices are available in an active market, cash equivalents are classified within Level 1 of the valuation hierarchy.

**Note 13: 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 37% of all contributions were received from two donors and 15% of all contributions were received from one donor in 2023 and 2022, respectively.

***Grants and Contracts***

Victims of Crime Act

The Organization received grant funding under the *Victims of Crime Act* totaling \$1,450,525 and \$1,421,837 during the years ended December 31, 2023 and 2022, respectively. This accounted for approximately 6% and 9%, 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 \$3,062,212 and \$3,345,734 was recognized during the years ended December 31, 2023 and 2022, and accounted for approximately 12% and 21%, respectively, of the Organization's total revenue and support.

**Note 14: Subsequent Events**

Subsequent events have been evaluated through July 8, 2024, which is the date the financial statements were available to be issued.

## **Supplementary Information**



**Synergy Services, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2023**

<b>Federal Grantor/ Pass-Through Grantor/Program Title/Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity or Other Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
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	2022-0051 2023-0051	\$ -	\$ 47,051
U.S. Department of Housing and Urban Development/Missouri Housing Development Commission/Emergency Solutions Grant Program	14.231	23-776-E 24-775	-	97,426
U.S. Department of Housing and Urban Development/City of Kansas City, Missouri/Emergency Solutions Grant Program	14.231	2022-0015 2023-0067	-	7,488
Subtotal	14.231		-	104,914
U.S. Department of Housing and Urban Development/Continuum of Care Program	14.267	MO336D7P062100 MO336D7P062201	-	284,092
U.S. Department of Housing and Urban Development/Community Partnership of Southeast Missouri/Continuum of Care Program	14.267	MO336D7P062200	-	15,085
Subtotal	14.267		-	299,177
U.S. Department of Justice/Missouri Department of Social Services/ Crime Victim Assistance	16.575	ER130220168	-	652,353
U.S. Department of Health and Human Services/Transitional Living for Homeless Youth	93.550	90CX7436-01 90CX7436-02 90YZ0036-01 90YZ0036-02	-	393,574
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	90YO2426-02 90YO2426-03	-	168,204
U.S. Department of Health and Human Services/Temporary Assistance for Needy Families	93.558	PG941900053	-	41,134
U.S. Department of Health and Human Services/Basic Center Grant	93.623	90CY7206-03 90CY7497-01	-	212,871
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	-	58,982
U.S. Department of Health and Human Services/Missouri Department of Social Services/COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	PG941900053	-	55,726
Subtotal	93.671		-	114,708
U.S. Department of Health and Human Services/Missouri Department of Social Services/COVID-19 Family Violence Prevention and Services/Sexual Assault/ Rape Crisis Services and Supports	93.497	PG941900053	-	15,199
U.S. Department of the Treasury/City of Kansas City, Missouri/COVID-19 Emergency Rental Assistance Program	21.023	2021-0105 2022-0030	-	34,381
National Endowment for the Arts/Missouri Arts Council/Promotion of the Arts - Grants to Organizations and Individuals	45.024	2024-4339	-	11,317
National Endowment for the Arts/Arts Council of Metropolitan Kansas City/ Promotion of the Arts - Grants to Organizations and Individuals	45.024	SYN0425023	-	5,000
Subtotal	45.024		-	16,317
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	-	42,905
Total			\$ -	\$ 2,142,788

*The accompanying notes are an integral part of this Schedule*

**Synergy Services, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2023**

**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, 2023. 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% 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, 2023, 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 8, 2024.

***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 Mazars, LLP**

Kansas City, Missouri  
July 8, 2024

## **Report on Compliance for the 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 the Major Federal Program**

##### ***Opinion on the 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 the Organization's major federal program for the year ended December 31, 2023. The Organization's major federal program is 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 its major federal program for the year ended December 31, 2023.

##### ***Basis for Opinion on the 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 the 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 the 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 Mazars, LLP**

Kansas City, Missouri  
July 8, 2024

**Synergy Services, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2023**

**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 program:

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

Material weakness(es) identified? ☐ Yes    ☒ No

5. Type of auditor’s report issued on compliance for the major federal program:

☒ 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 program:

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

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, 2023**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
No matters are reportable.	

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
No matters are reportable.	

**Synergy Services, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2023**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
-----------------------------	---------------------------	---------------

---

No matters are reportable.