

KANSAS STATEWIDE HOMELESS COALITION, INC.

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

For the Year Ended December 31, 2021

Auditor:
Rebecca V. Crandall
McAuley & Crandall, PA
Federal ID: 43-1910817

KANSAS STATEWIDE HOMELESS COALITION, INC.
Lawrence, Kansas

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Kansas Statewide Homeless Coalition, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Kansas Statewide Homeless Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Statewide Homeless Coalition, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, on our consideration of Kansas Statewide Homeless Coalition, 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 Kansas Statewide Homeless Coalition, 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 Kansas Statewide Homeless Coalition, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "McAuley & Crandall, PA".

McAULEY & CRANDALL, PA
Overland Park, Kansas
September 7, 2022

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

ASSETS

Current Assets

2021

Cash and Equivalents - Unrestricted	\$ 63,949
Grants Receivable	328,818
<i>Total Current Assets</i>	392,767

Fixed Assets

Furniture and Equipment	9,383
Less: Accumulated Depreciation	(2,607)
<i>Total Property and Equipment</i>	6,777

TOTAL ASSETS

\$ 399,544

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 251,414
Payroll Liabilities	6,495
Compensated Absences	7,781
Credit Card Liabilities	625

Total Current Liabilities 266,315

TOTAL LIABILITIES

266,315

Net Assets

Net Assets Without Donor Restrictions	8,323
Net Assets With Donor Restrictions	124,906
<i>Total Net Assets</i>	133,229

TOTAL LIABILITIES AND NET ASSETS

\$ 399,544

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Public Support			
Public Support, Contributions	\$ 1,831	\$ -	\$ 1,831
Grant Income	-	1,899,088	1,899,088
Interest	326	-	326
Net Assets Released from Restrictions	1,774,182	(1,774,182)	-
<i>Total Revenue and Public Support</i>	<u>1,776,339</u>	<u>124,906</u>	<u>1,901,245</u>
Expenditures			
Program Expenses			
Emergency Solutions Grant Program	\$ 1,420,101	\$ -	\$ 1,420,101
Continuum of Care Program	345,958	-	345,958
Supportive Housing Program	29,853	-	29,853
Total Program Expenses	1,795,911	-	1,795,911
Supporting Services Expenses			
Management and General	57,689	-	57,689
Fundraising	-	-	-
Total Supporting Services Expenses	57,689	-	57,689
<i>Total Expenses</i>	<u>1,853,600</u>	<u>-</u>	<u>1,853,600</u>
Change in Net Assets	\$ (77,261)	\$ 124,906	\$ 47,645
Net Assets as of the Beginning of Year	85,584	-	85,584
Net Assets as of the End of Year	<u>\$ 8,323</u>	<u>\$ 124,906</u>	<u>\$ 133,229</u>

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			Total Expenses
	Emergency Solutions Grant Program	Continuum of Care Program	Supportive Housing Program	Total Program Services	Management and General	Fund-raising	Total Supporting Services	
Salaries and Wages	\$ 206,353	\$ 246,024	\$ 26,293	\$ 478,669	\$ 34,749	\$ -	\$ 34,749	\$ 513,418
Payroll Taxes	18,405	20,771	2,011	41,187	3,980	-	3,980	45,167
Employee Benefits	27,012	25,673	-	52,685	1,702	-	1,702	54,387
Total Personnel Costs	251,770	292,468	28,304	572,542	40,431	-	40,431	612,973
Program Expenses	1,118,602	-	-	1,118,602	-	-	-	1,118,602
Rent	14,655	7,978	-	22,633	2,027	-	2,027	24,660
Outside Services	-	19,311	-	19,311	4,108	-	4,108	23,418
Legal and Professional	18,165	5,125	-	23,290	425	-	425	23,715
Supplies	8,022	2,615	-	10,636	4,440	-	4,440	15,076
Dues and Subscriptions	2,220	11,532	-	13,753	413	-	413	14,165
Office Expense	978	-	-	978	-	-	-	978
Postage	79	60	-	139	-	-	-	139
Travel	322	2,510	-	2,832	368	-	368	3,200
Meetings and Conferences	2,947	-	1,549	4,496	-	-	-	4,496
Telephone	2,192	2,991	-	5,182	782	-	782	5,964
Utilities	150	-	-	150	-	-	-	150
Insurance	-	1,369	-	1,369	638	-	638	2,007
Bank Fees	-	-	-	-	1,075	-	1,075	1,075
Miscellaneous Expense	-	-	-	-	327	-	327	327
Total Expenses Before Interest	1,420,101	345,958	29,853	1,795,911	55,034	-	55,034	1,850,945
Interest	-	-	-	-	49	-	49	49
Depreciation	-	-	-	-	2,607	-	2,607	2,607
Total Functional Expenses	\$ 1,420,101	\$ 345,958	\$ 29,853	\$ 1,795,911	\$ 57,689	\$ -	\$ 57,689	\$ 1,853,600

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Public Support and Grants	\$ 1,572,427
Cash Disbursed for Expenses	<u>(1,606,367)</u>
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>(33,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>(9,383)</u>
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>(9,383)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(43,323)
Cash and Cash Equivalents, Beginning of Year	<u>107,272</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 63,949</u></u>
Reconciliation of Changes in Net Assets to Net	
Cash Provided by Operating Activities	
Change in Net Assets	\$ 47,645
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided/(Used) by Operating Activities:	
Depreciation Expense	2,607
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Grants and Accounts Receivable	(328,818)
Increase (Decrease) in Accounts Payable	251,414
Increase (Decrease) in Compensated Absences	427
Increase (Decrease) in Credit Card Liabilities	(6,006)
Increase (Decrease) in Payroll Liabilities	<u>(1,208)</u>
<i>Net Cash Provided/(Used) by Operating Activities:</i>	<u><u>\$ (33,940)</u></u>

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Accounting Policies

a) Organization and Nature of Activities

Kansas Statewide Homeless Coalition, Inc. (KSHC or the Organization) was founded and incorporated in 2002. The Internal Revenue Service recognizes KSHC as a non-profit 501(c)(3) organization. KSHC's major funding and program activities allow the organization to be the catalyst for safe, appropriate, and affordable housing for Kansans in collaboration with local, state, and national partners.

b) Basis of Accounting

The financial statements are presented in accordance with accounting standards generally accepted in the United States (GAAP) which uses the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when related liabilities are incurred. Grant awards are considered earned when the related costs have been incurred. All revenues and expenses are considered operating revenues and expenses.

c) Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of KSHC and changes therein are classified and reported as follows: net assets without donor restrictions and net assets with donor restrictions.

KSHC adopted of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205-45-2 as prescribed by FASB Accounting Standards Update (ASU) 2016-14. Under the previous standard, net assets were classified and reported in three groups—permanently restricted, temporarily restricted, and unrestricted—based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. Under the updated standard, net assets are classified and reported in two groups— net assets without donor restrictions and net assets with donor restrictions—based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to any donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions on their use that may be met by actions of KSHC or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

d) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

e) Capital Assets

Acquisitions of capital assets which cost more than \$1,000 are capitalized. Assets which cost lesser amounts are treated as an expense in the period acquired. Capital assets which are purchased are reported in the financial statements at their historical cost. Donated capital assets are reported in the financial statements at their approximate fair value as of the date of donation. Depreciation is computed primarily under the straight-line method over 3 to 5 years.

f) Revenue Recognition

Grants, contracts, and other contributions of cash received are recorded as without donor restrictions, or with donor restrictions in accordance with any donor restrictions. All donor-restricted revenues are reported as an increase in net assets with donor restrictions according to the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is satisfied), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets without donor restrictions.

g) Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturities of those financial instruments. Cash and cash equivalents that are not covered by insurance provided by the FDIC are \$0 as of December 31, 2021.

h) Accounts Receivable - Grants

Grant receivables are carried at their estimated collectible amounts. Grant accounts receivable are all considered collectible due to the nature of the government grants. Therefore, no allowance for doubtful accounts has been established.

i) Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation, therefore no provision has been made for federal and state income taxes in the accompanying financial statements.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for the fiscal years ending December 31, 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they are filed. No authorities have commenced tax examinations as of September 7, 2022.

j) Advertising and Marketing

The Organization expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2021, were \$0.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2: Accounts Receivable – Grants

As of December 31, 2021, grant and awards receivable consist of \$328,818, due from the Emergency Solutions Grant, Continuum of Care, and Kansas Department of Aging and Disability Services programs.

Note 3: Property

Computer equipment consist of the following on December 31:

	2021
Computer Equipment	\$ 9,383
Less: Accumulated Depreciation	(2,607)
Total Fixed Assets	\$ 6,777

Note 4: Rental Expense and Lease Commitments

KSHC entered into a 12-month lease on January 1, 2021, for office space in Lawrence, Kansas, renewable annually. Due to the nature of the annual lease, no future minimum payments have been accrued.

Note 5: Compensated Absences

Eligible employees of the Organization are entitled to paid time off, depending on length of service and satisfaction of set criteria. Employees are allowed to accumulate paid time off depending on length of service, up to 80 hours, upon separation. Accordingly, accrued paid time off recorded as of December 31, 2021 was \$7,781.

Note 6: Revenue Concentrations

Kansas Statewide Homeless Coalition was awarded three grants by the U.S. Department of Housing and Urban Development, two grants of which are serviced through the Kansas Housing Resources Corporation (KHRC), an agency of the State of Kansas.

During the year ended December 31, 2021, the grant income constituted approximately 100% of all income earned. Future funding is dependent on KSHC's compliance with the terms of the grants.

Note 7: Functional Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses are allocated to their respective programs or function.

During the year ended December 31, 2021, the organization had \$1,795,911 in program expenses, \$62,584 in management and general expenses, and \$0 in fundraising expenses.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8: Net Assets with Donor Restrictions

Net assets with Donor Restrictions were held for the following programs or purposes on December 31:

	<u>2021</u>
Emergency Solutions Grant Program	\$ 51,621
Continuum of Care Program	4,273
Supportive Housing Program	19,380
AETNA	49,632
Total Net Assets with Donor Restrictions	\$ 124,906

Note 9: Liquidity and Availability of Financial Resources

The following reflects KSHC's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. 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:

	<u>2021</u>
Current Assets, Excluding Non-Financial Assets	\$ 392,767
Donor Restrictions	(124,906)
Board Designated Net Assets	-
Deferred Revenue	-
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 267,861

KSHC receives grants and contributions from donors that are used to fund program initiatives and are available to meet annual cash needs for general expenditures. Financial assets available to KSHC to meet the needs of general expenditures was \$267,861. During the year ended December 31, 2021, the Organization was able to meet its cash needs utilizing current year contributions.

Note 10: Accounting Standards Issued and Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes nearly all existing revenue recognition guidance under U.S. accounting principles. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new standard is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The new accounting standard defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. accounting principles.

KSHC adopted the standard on January 1, 2021. Its program revenue is generated substantially from grants and contributions. KSHC analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the new standard. The timing of revenue recognition was not affected by the new standard.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 11: Implementation of New Accounting Standards

The FASB issued a new accounting standard, *Leases*, which will eliminate the concept of operating leases, among other things. This new standard will include substantial changes for accounting by lessees; existing operating leases and all new leases, unless immaterial, will require balance sheet recognition (right to use asset and lease liability). The standard is first effective for KSHC with its 2022 fiscal year.

Note 12: Subsequent Events

As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the state of Kansas, the state in which KSHC operates, KSHC currently believes that any negative financial impact by these restrictions including residual impacts such as supply chain and employee shortages cannot be reasonably estimated at this time. KSHC is not considered an essential service but has been able to mitigate the affects of the pandemic. No valuation allowance has been provided as any amount of loss cannot be reasonably estimated at this time, though none is expected. KSHC did not receive loan proceeds under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of a qualifying business.

Note 13: Management Review of Subsequent Events

Management has evaluated all activities of KSHC for potential recognition or disclosure for subsequent events through September 7, 2022, which is the date the financial statements were available to be issued and concluded that no other material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements. The audit report date is the date the financial statements were available to be issued.

**KANSAS STATEWIDE HOMELESS COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<i>Federal Grantor</i> Program Title	Pass-Through Entity	Federal CFDA Number	Grant Award Numbers	Total Federal Revenue	Federal Program Total	Total Federal Awards Expended
<i>U.S. Department of Housing and Urban Development</i>						
Emergency Solutions Grant Program	Kansas Housing Resources Corporation	14.231	ESG CV2-FFY2020	1,393,823	1,420,101	1,419,529
Emergency Solutions Grant Program	Kansas Housing Resources Corporation	14.231	ESG FFY2021	21,396	1,420,101	572
Continuum of Care Program	(Direct Award)	14.267	KS0134L7P071901	168,734	345,958	161,230
Continuum of Care Program	(Direct Award)	14.267	KS0134L7P072002	16,182	345,958	11,908
Continuum of Care Program	(Direct Award)	14.267	KS0149L7P072000	55,297	345,958	55,596
Continuum of Care Program	(Direct Award)	14.267	KS0158L7P072100	114,659	345,958	117,223
Supportive Housing Program	Kansas Housing Resources Corporation	14.235	KS0037L7P071912	-	29,853	29,853
Total				\$ 1,770,090	\$ 1,795,911	

See accompanying notes and auditor's report.

KANSAS STATEWIDE HOMELESS COALITION, INC.
EMERGENCY SOLUTIONS GRANT PROGRAM
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

Expenditures

Program Expenses	
Salaries and Wages	\$ 206,353
Payroll Taxes	18,405
Employee Benefits	27,012
Total Personnel Costs	<u>251,770</u>
Program Expenses	1,118,602
Rent	14,655
Supplies	8,022
Legal and Professional	18,165
Telephone	2,192
Utilities	150
Travel	322
Meetings and Conferences	2,947
Office Expense	978
Dues and Subscriptions	2,220
Postage and Shipping	79
<i>Total Program Expenses</i>	<u>1,420,101</u>

See auditor's report and accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
CONTINUUM OF CARE PROGRAM
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

Expenditures

Program Expenses	
Salaries and Wages	\$ 246,024
Payroll Taxes	20,771
Employee Benefits	25,673
Total Personnel Costs	<u>292,468</u>
Rent	7,978
Supplies	2,615
Insurance	1,369
Outside Contractual Services	19,311
Legal and Professional	5,125
Telephone	2,991
Travel	2,510
Dues and Subscriptions	11,532
Postage and Shipping	60
<i>Total Program Expenses</i>	<u>345,958</u>

See auditor's report and accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
SUPPORTIVE HOUSING PROGRAM
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

Expenditures

Program Expenses	
Salaries and Wages	\$ 26,293
Payroll Taxes	2,011
Total Personnel Costs	<u>28,304</u>
Meetings and Conferences	1,549
<i>Total Program Expenses</i>	<u>29,853</u>

See auditor's report and accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Kansas Statewide Homeless Coalition, Inc. (KSHC) and is presented on the accrual basis of accounting, wherein expenses are recognized when incurred and revenues are recognized when earned. The information presented in this schedule is in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Federal Indirect Cost Rate

KSHC has elected not to use the 10-percent de minimis indirect cost.

Note 3: Emergency Solutions Grant Program

This program is administered by the Kansas Housing Resources Corporation for the U.S. Department of Housing and Urban Development. The Emergency Solutions Grant Program (ESG) provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless.

The ESG program focuses on helping people quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. The rapid re-housing component includes various housing relocation and stabilization services and rental assistance to help people who are homeless move quickly into permanent housing and achieve stability in that housing. The homelessness prevention component includes similar services and assistance to help people avoid becoming homeless. Recipients can use ESG funds to rehabilitate or convert buildings into emergency shelter; pay for certain expenses related to operating emergency shelters; or provide essential services to individuals and families living in emergency shelters or unsheltered settings.

Note 4: Continuum of Care Program

This program is administered by U.S. Department of Housing and Urban Development. The program is designed to promote community-wide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, States, and local governments to quickly house homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effective utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness. Continuum of Care Program funds may be used to pay for the eligible costs used to establish and operate projects under five program components: (i) permanent housing, which includes permanent supportive housing for persons with disabilities, and rapid rehousing; (ii) transitional housing; (iii) supportive services only; (iv) Homeless Management Information Systems (HMIS), and (v) in some cases, homelessness prevention.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Note 5: Supportive Housing Program

This program is administered by the Kansas Housing Resources Corporation for the U.S. Department of Housing and Urban Development. The Supportive Housing Program is designed to promote the development of supportive housing and supportive services to assist homeless individuals and families in the transition from homelessness and to enable them to live as independently as possible. Program funds may be used to provide: (i) transitional housing within a 24-month period as well as up to six months of follow-up services to former residents to assist their adjustment to independent living; (ii) permanent housing provided in conjunction with appropriate supportive services designed to maximize the ability of persons with disabilities to live as independently as possible; (iii) supportive housing that is, or is part of, a particularly innovative project for, or alternative method of, meeting the immediate and long-term needs of homeless individuals and families; (iv) supportive services for homeless individuals not provided in conjunction with supportive housing, (v) safe havens for homeless individuals with serious mental illness currently residing on the streets who may not yet be ready for supportive services; and (vi) Homeless Management Information Systems (HMIS) for developing management information systems to maintain data on beds, units and homeless individuals.

Note 6: Additional Audits

Grantor agencies reserve the right to conduct additional audits of KSHC's grant programs for economy and efficiency and program results which may result in disallowed costs to KSHC. However, management does not believe such audits would result in any disallowed costs that would be material to KSHC's financial position at December 31, 2021.

**KANSAS STATEWIDE HOMELESS COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued	Unmodified
Internal Control Over Financial Reporting	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance which is material to the financial statements noted?	No

Federal Awards:

Internal Control Over Major Programs	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of Audit Report Issued on Compliance for Major Program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No

Identification of Major Programs

CDFA Number	Name of Federal Program or Cluster
14.231	Emergency Solutions Grant Program

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$750,000

Audit Qualified as a Low-Risk Auditee
No

**KANSAS STATEWIDE HOMELESS COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

Section 2 Internal Control Financial Statement Findings

None noted.

Section 3 - Findings and Questioned Costs for Federal Awards

None noted.

There are no findings from prior years that require an update in this report.

INDEPENDENT AUDITOR'S 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*

To the Board of Directors and Management of
Kansas Statewide Homeless Coalition, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kansas Statewide Homeless Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, 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 September 7, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kansas Statewide Homeless Coalition, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "McAuley & Crandall, PA".

McAULEY & CRANDALL, PA
Overland Park, Kansas
September 7, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors and Management of
Kansas Statewide Homeless Coalition, Inc.

Report on Compliance for Each Major Federal Program

We have audited Kansas Statewide Homeless Coalition, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Kansas Statewide Homeless Coalition, Inc.'s major federal programs for the year ended December 31, 2021. Kansas Statewide Homeless Coalition, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Kansas Statewide Homeless Coalition, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kansas Statewide Homeless Coalition, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kansas Statewide Homeless Coalition, Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



McAULEY & CRANDALL, PA
Overland Park, Kansas
September 7, 2022