

KANSAS STATEWIDE HOMELESS COALITION, INC.

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

For the Year Ended December 31, 2023

Auditor:
Dallas Stackhouse
McAuley & Crandall, PA
Federal ID: 43-1910817

KANSAS STATEWIDE HOMELESS COALITION, INC.
Lawrence, Kansas

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McAuley & Crandall, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023, 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.

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, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kansas Statewide Homeless Coalition, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

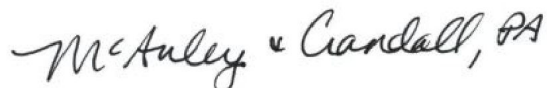
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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 Kansas Statewide Homeless Coalition, 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 Kansas Statewide Homeless Coalition, 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.



McAULEY & CRANDALL, PA
Overland Park, Kansas
November 6, 2024

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

Current Assets

Cash and Equivalents - Unrestricted	\$ 146,033
Grants Receivable	249,947
Prepaid Insurance	14,674
<i>Total Current Assets</i>	410,655

Fixed Assets

Furniture and Equipment	27,583
Less: Accumulated Depreciation	(11,534)
<i>Total Property and Equipment</i>	16,049

Noncurrent Assets

Right of Use-Asset	9,480
<i>Total Noncurrent Assets</i>	9,480

TOTAL ASSETS

\$ 436,184

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 565
Payroll Liabilities	26,246
Compensated Absences	19,547
Accrued Expenses	4,115
Credit Card Liabilities	197
Current Portion of Lease	9,480

Total Current Liabilities 60,151

Long-Term Liabilities

Lease Payable	9,480
Less: Current Portion of Lease	(9,480)

Total Long-Term Liabilities -

TOTAL LIABILITIES

60,151

Net Assets

Net Assets Without Donor Restrictions	190,353
Net Assets With Donor Restrictions	185,680
<i>Total Net Assets</i>	376,033

TOTAL LIABILITIES AND NET ASSETS

\$ 436,184

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Public Support			
Public Support, Contributions	\$ 33,823	\$ -	\$ 33,823
Grant Income	(33,500.00)	1,289,000	1,255,500
Interest	321	-	321
Miscellaneous Income	12,906	-	12,906
Net Assets Released from Restrictions	1,109,920	(1,109,920)	-
<i>Total Revenue and Public Support</i>	1,123,471	179,078	1,302,551
Expenditures			
Program Expenses			
Program Expenses	\$ 913,450	\$ -	\$ 913,450
Total Program Expenses	913,450	-	913,450
Supporting Services Expenses			
Management and General	148,341	-	148,341
Fundraising	-	-	-
Total Supporting Services Expenses	148,341	-	148,341
<i>Total Expenses</i>	1,061,791	-	1,061,791
Change in Net Assets	\$ 61,680	\$ 179,078	\$ 240,759
Net Assets as of the Beginning of Year	128,672	6,602	135,274
Net Assets as of the End of Year	\$ 190,352	\$ 185,680	\$ 376,033

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services		Supporting Services			Total Expenses
	Program Services	Total Program Services	Management and General	Fund-raising	Total Supporting Services	
Salaries and Wages	\$ 511,247	\$ 511,247	\$ 18,719	\$ -	\$ 18,719	\$ 529,967
Payroll Taxes	39,012	39,012	1,428	-	1,428	40,440
Total Personnel Costs	<u>550,259</u>	<u>550,259</u>	<u>20,148</u>	<u>-</u>	<u>20,148</u>	<u>570,407</u>
Program Expenses	17,936	17,936	-	-	-	17,936
Rent	7,584	7,584	1,896	-	1,896	9,480
Outside Services	205,793	205,793	19,981	-	19,981	225,774
Legal and Professional	-	-	12,617	-	12,617	12,617
Audit	-	-	10,000	-	10,000	10,000
Supplies	1,488	1,488	372	-	372	1,861
Office Equipment and Furniture	3,397	3,397	849	-	849	4,246
Dues and Subscriptions	10,903	10,903	21,721	-	21,721	32,625
Office Expense	4,124	4,124	1,332	-	1,332	5,455
Postage	-	-	737	-	737	737
Recruiting	-	-	971	-	971	971
Travel	7,450	7,450	-	-	-	7,450
Meetings and Conferences	52,955	52,955	34,165	-	34,165	87,119
Training	14,709	14,709	-	-	-	14,709
Telephone	3,700	3,700	925	-	925	4,626
Marketing	240	240	13,358	-	13,358	13,598
Insurance	32,826	32,826	3,594	-	3,594	36,420
Miscellaneous Expense (Tax Penalty)	86	86	-	-	-	86
Depreciation	-	-	5,675	-	5,675	5,675
Total Functional Expenses	<u>\$ 913,450</u>	<u>\$ 913,450</u>	<u>\$ 148,341</u>	<u>\$ -</u>	<u>\$ 148,341</u>	<u>\$ 1,061,791</u>

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Public Support and Grants	\$ 1,129,510
Cash Disbursed for Expenses	<u>(1,047,495)</u>
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>82,015</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>(13,700)</u>
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>(13,700)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	68,315
Cash and Cash Equivalents, Beginning of Year	<u>77,718</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 146,033</u></u>
Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities	
Change in Net Assets	\$ 240,759
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
Depreciation Expense	5,675
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Grants and Accounts Receivable	(173,041)
(Increase) Decrease in Prepaid Expenses	(7,743)
Increase (Decrease) in Accounts Payable	(394)
Increase (Decrease) in Compensated Absences	6,503
Increase (Decrease) in Accrued Expenses	4,115
Increase (Decrease) in Credit Card Liabilities	(487)
Increase (Decrease) in Payroll Liabilities	<u>6,628</u>
<i>Net Cash Provided/(Used) by Operating Activities:</i>	<u><u>\$ 82,015</u></u>

See accompanying notes.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

NOTE 1: Summary of Accounting Policies (Cont.)

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, 2023.

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, 2023, 2022, and 2021 are subject to examination by the IRS, generally for three years after they are filed. No authorities have commenced tax examinations as of November 6, 2024.

j) Advertising and Marketing

The Organization expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2023, were \$13,598.

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2: Accounts Receivable – Grants

As of December 31, 2023, grant and awards receivable consist of \$249,947, 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:

	<u>2023</u>
Computer Equipment	\$ 27,583
Less: Accumulated Depreciation	<u>(11,534)</u>
Total Fixed Assets	<u><u>\$ 16,049</u></u>

Note 4: Operating Lease

The Organization leases office space under a lease expiring in December 2023 in Lawrence, Kansas, renewable annually. Beginning January 2023 through December 2023, the monthly base rent is \$790. Rent expense for the year ended December 31, 2023, was \$9,480. Minimum lease payments under these leases are as follows:

	9,480
Total	<u><u>\$ 9,480</u></u>

The Organization is a party to one, 12-month operating lease (as stated above), that expired in 2023, and subsequently renewed in 2024, and estimated through 2024. The Organization adopted FASB ASC 842, *Leases*, at the beginning of the year. This new lease is the only lease required to be included on the balance sheet under FASB ASC 842. As a result, adopting FASB ASC 842 had no impact to prior year balance sheet information, and because these leases are operating leases, the adoption of this standard has no impact on the results of operations. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. The Organization has not entered into any other material, short-term lease commitments as of December 31, 2023.

As of December 31, 2023, the right-of-use (ROU) asset had a balance of \$9,480, as shown in noncurrent assets on the balance sheet; the lease liability is included in long-term liabilities (\$0). The lease asset and liability were calculated utilizing the risk-free discount rate (4%), according to the Organization's elected policy.

Additional information about the Organization's leases is as follows:

Total Lease Payments	9,480
Less: Interest	<u>(379)</u>
Present Value of Lease Liabilities	<u><u>9,101</u></u>

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023 was \$19,547.

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, 2023, the grant income constituted approximately 92% 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, 2023, the organization had \$913,450 in program expenses, \$148,341 in management and general expenses, and \$0 in fundraising expenses.

Note 8: Net Assets with Donor Restrictions

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

	<u>2023</u>
United Healthcare	\$ 47,880
AETNA	44,020
Healthy Blue	31,504
United Community Services	
- National Low Income Housing Coalition	33,972
Molina Healthcare	24,540
National Network for Youth	3,000
Caresource	764
Total Net Assets with Donor Restrictions	\$ 185,680

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

KANSAS STATEWIDE HOMELESS COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 9: Liquidity and Availability of Financial Resources (Cont.)

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>2023</u>
Current Assets, Excluding Non-Financial Assets	\$	395,981
Donor Restrictions		(185,680)
Board Designated Net Assets		-
Deferred Revenue		-
		-
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$	210,301

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 \$210,301. During the year ended December 31, 2023, the Organization was able to meet its cash needs utilizing current year contributions.

Note 10: Revenue from Contracts with Customers

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.

Note 11: Management Review of Subsequent Events

Management has evaluated all activities of KSHC for potential recognition or disclosure for subsequent events through November 6, 2024, 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.