



CITY OF FLAGSTAFF

FOR CITY STAFF / RANKING COMMITTEE USE ONLY

Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

Applicant (Organization's Legal Name):

Flagstaff Shelter Services

Program Name:

Emergency Shelter Program

Funding Request: \$550,000.00

Total Program Cost: \$4,660,000.00

Does the application meet the threshold criteria for review? **YES/NO**

Average Score: Average of all evaluator scores based on Total Points – 79

Points Possible: 90

Comments:

2400 unduplicated individuals / 104938 bed nights/287 beds per night for 1 year

Emergency Shelter and Transitional Housing Operations – 3 sites

- + Offers the most bed nights of all applicants
- + Experience with federal and state grants
- + Thoroughly audited

- Exponential growth in liabilities/ accounts payable can be hard to manage
- Some confusion about how bed nights vs. unduplicated client count is calculated
- How will this level of funding be maintained long term?
- Programs cost (19 million) vs. Annual operating costs (4 million) made budget confusing
- Lantern construction delays are possible – concern about rate of spend down



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Applicant Information (19/20 points)

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

Comments (required for scores 5 and under):

2. How well does the answer explain how the entity collects data and measures outcomes?

(Not at all) 0 1 2 3 4 5 (Very much)

Comments (required for scores 2 and under):

3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

(No) 0 5 (Yes)

Proposed Program (34/40 points)

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):



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3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

(Not at all) 0 1 2 3 4 5 (Very much)

Comments (required for scores 2 and under):

4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

(Not at all) 0 1 2 3 4 5 (Very much)

Comments (required for scores 2 and under):

Fiscal Management and Applicant Capacity (18/20 points)

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

Comments (required for scores 5 and under):

2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

Comments (required for scores 5 and under)

General Criteria (8/10 points)

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

(Not at all) 0 1 2 3 4 5 (Very)

Comments (required for scores 2 and under):

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

(Not at all) 0 1 2 3 4 5 (Very)

Comments (required for scores 2 and under):



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Attachment A – Applicant Information

Applicant (Organization's Legal Name):

Flagstaff Shelter Services

Executive Director/CEO/Etc. Name, Phone and Email:

Ross Schaefer, 928-225-2533 x303, ross@flagshelter.org

Program Manager Name, Phone and Email:

Holly Creager, 928.225.2533, ext. 308, holly@flagshelter.org

Mailing Address:

PO Box 1808

Flagstaff, AZ 86002

Physical Address:

4185 E. Huntington Drive

Flagstaff, AZ 86004

Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?

501 (c) 3 non-profit organization

Federal EIN/TIN #:

20-4921369

Unique Entity ID:

QFJTWE947KS6

Registered in the Federal System for Award Management (SAM)? YES

Participating member of the Coconino County Continuum of Care? YES

Funding Request:

\$550,000

Total Program Cost:

\$19,912,041

Program Name:

Flagstaff Shelter Services' Emergency Shelter Program





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Brief Description of Program (2-3 sentences):

Flagstaff Shelter Services is respectfully requesting funding to support our growing Emergency Shelter program, which is comprised of a 163 congregate shelter beds and 161 units of non-congregate shelter spread across three sites in Flagstaff. Open 24/7/365, our emergency shelter is intentionally low-barrier, serving diverse unsheltered individuals and families regardless of faith, mental health, criminal record, sobriety, or COVID-19 status. In addition to providing safe shelter to anyone in need, this program offers the supportive services that improve health and housing outcomes.

If the program already exists, explain how funding creates an increase in services?

Funds will support the opening of 103 new units of non-congregate shelter for unsheltered community residents. This means every night 103 people who would otherwise be unsheltered or in a congregate setting will have safe shelter and wrap-around support services that promote long-term housing security.

Beneficiary Description:

The program will serve diverse, low-income individuals and families experiencing homelessness.

Proposed Outcomes:

This unique Emergency Shelter Program anticipates providing 104,938 bed nights to an estimated 2,400 people across three shelter sites from July 1, 2023 – June 30, 2024.

AUTHORIZED SIGNATURE OF APPLICANT:

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, and will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

Ross Schaefer, Executive Director

Name and Title

Flagstaff Shelter Services

Organization

Signature

October 8, 2023

Date

Please attach:

Authorization to Request Funds/Authorized Signature Authority

Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken).

Flagstaff Shelter Services
September Board Meeting Minutes
Date: September 18, 2023

Board Members in Attendance: Jacki Lenners, Jessica Drum, Julie Roddy, Ted MacMahon, Lauren Lauder, Sarah Erlinder, Aaron Secakuku, Joanna Carr, David Hayward, Khara House, Cat Williams, Moses Milazzo, Mike Thomas

Staff in Attendance: Ross Schaefer

Board Meeting Convened at 3:31 p.m.

Meeting Summary Report

Monthly Business

Minutes

- Lauren made a motion to accept the August Minutes, seconded by Julie. The Board approved the August Meeting Minutes.

Financials

- This was the first month using the new spreadsheet and Ross believes that some of the larger numbers are not reflected, which means they are potentially incomplete. Expenses are accurate, but income may not be. It was suggested that the Board table voting on the Financials until next month with accurate information. The Board discussed and agreed to vote on August and September Financials in the October meeting.
- AMENDED on October 8, 2023, via email to include Board approval via email: FSS Board of Directors gives permission to Ross Schaefer to apply to the City of Flagstaff for Local Recovery Funds to serve many of the unsheltered neighbors in our community.

Programs Update

Crown Railroad Café

- The owners of the Crown Railroad Cafe put a note on the door (without prior notice to FSS) that the restaurant was permanently closed.
- Ross spoke with the owner and notified her they would be abandoning the lease.
- FSS had the locks changed on the property due to multiple employees having access.
- Attorneys gave legal advice on how to handle the process related to access to the premises and furnishings/fixtures within the premises.
- A 60-day process has started where the tenant has the opportunity to cure the defaults, after which time we will proceed to public auction.
- The tenant has two lienholders related to the furnishings and fixtures who have priority over FSS.
- Ross will put together a small group to discuss the future of this building.

Staff Update

- Hired HR Director – Zach Nelson.
- There are many job postings on the website, including a deputy director. Board members are asked to share these opportunities with their networks.
- Bebe Ortega has moved from the Crown to Huntington as the shelter manager.
- Natalia Pina is the new Crown manager.
- One of the FSS coordinators passed away last night. Staff are working on supporting his family and a memorial.

Lantern Update

- Asbestos abatement is complete and painting is in final stages.
- Replacing railings is the last big thing that needs to happen. FSS has applied for funding and hopes to hear soon. When funding is available, things can move quickly.
- Replacing the interior of the elevator to make it feel safer.

- FSS is working to get the Lantern staffed.

Crown Capital Update

- Initial projects include:
 - o The roof needs to be replaced across the entire building.
 - o Working to increase the height of the exterior fence around the property for security and aesthetics purposes.
 - o The pool will be filled to also help with safety and security.

Huntington and Crown Services

- The challenges with overdoses continue and FSS is working with staff and partners to increase education and resources.

Updates – Committees and General

Committee Updates

- JEDI: C4 Innovations is changing their name to Arc for Justice. They will be delivering their findings report in a virtual session. Ross will share the invitation with the Board. Creating a Race Equity committee to continue the work.
- Fund Development: Ted will reach out to Board members to continue acknowledgement of new donors. The committee is meeting next week to discuss a long-term fundraising plan.
- Events: Gearing up to put on a larger fundraiser this fall. Let Ross know if you are interested in joining the committee.

FSS Policy Review Committee – Gift Policy

- FSS has been approached about the possibility of someone leaving the shelter a house as a gift. There needs to be a policy that outlines how gifts of this nature are accepted and what is considered in the process.
- Jessica will convene a committee to discuss.

City Council Update

- FSS has been invited to give an update to Flagstaff City Council in October. Ross will update the Board when it is confirmed and invite members to attend.
- Moses suggested also presenting to FUSD Board.

Board Retreat

- Ross is working on details for a winter Board Retreat. She will communicate with the Board when she knows more.

The meeting adjourned at 4:13 p.m.

**October Board Meeting
October 23, 2023 at 3:30 p.m.
Location: Virtual**



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Attachment B – Program Narrative Questions

Each proposal must include responses to the questions below. Proposal information should be presented in narrative form but may include tables or graphics to convey pertinent information.

Applicant Information (20 points)

1. (10 points)

Please provide a description of the applicant entity, including a brief history, mission statement, and an overview of programs and services provided. Explain why the applicant is qualified to provide the proposed services or undertake the proposed program.

Without Flagstaff Shelter Services, **2,400 additional community members would be unsheltered** each year.

But at Flagstaff Shelter Services, we firmly believe safe shelter and housing is a right, not a privilege. As such, we are the community safety net for our neighbors in crisis, welcoming those who have been turned away by other local service providers due to substance use, mental health challenges, previous stays, criminal record, or COVID-19 status. Since 2006, Flagstaff Shelter Services has filled a critical gap in services by providing shelter to vulnerable, unsheltered, diverse Flagstaff residents without preconditions or barriers. Our mission is to provide individuals and families experiencing homelessness with crisis stabilization (via low-barrier emergency shelter) and the tools needed to achieve housing stability; regardless of faith, mental health, or sobriety.

Flagstaff Shelter Services is well qualified to provide inclusive and accessible emergency shelter and supportive services to our unsheltered neighbors. Our agency has a long history of responding to identified community needs by successfully developing, implementing, and administering projects that directly address those needs. For the first eight years of its existence, Flagstaff Shelter Services operated a seasonal shelter designed to shield individuals from Flagstaff's extreme winter temperatures and inclement weather. Then in 2014, when the community identified the need for a year-round shelter, executive leadership and the Board of Directors made the commitment to keep Flagstaff Shelter Services' 86-bed emergency shelter open 365 nights a year.

Our services expanded again in 2015 when we identified a community need for services that promote long-term housing stability. To address this, Flagstaff Shelter Services began offering a range of supportive housing services aimed at quickly and successfully connecting individuals experiencing homelessness to safe, affordable, permanent housing. By providing these services, we have successfully shortened stays in homelessness, prevented returns to homelessness, and helped over 900 diverse individuals secure permanent housing (86% of whom remain stably housed one year later).

In January 2017, in collaboration with Catholic Charities, Flagstaff Shelter Services began Front Door, Coconino County's coordinated entry process. This collaborative project ensures individuals and families experiencing homelessness are referred to the most appropriate agency,



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thus ending their experience in homelessness faster and more effectively. To this day, Flagstaff Shelter Services serves as one of Coconino County's two "front doors" to coordinated entry.

In 2019, Flagstaff Shelter Services expanded our congregate emergency shelter by adding on a second story to our existing building. This brought our nightly capacity up to 163, and the added space of this expansion allowed us to begin better addressing housing and health outcomes by partnering with physical and behavioral health providers to design and implement the innovative *Housing as Healthcare Program*. Implemented in late 2019, no one could have ever imagined how timely this program would be in light of the COVID-19 pandemic. The global public health crisis hit Flagstaff just four months later and further highlighted the connection between health and housing as individuals experiencing homelessness were found to be at increased risk of contracting and dying from the Coronavirus.

In response to COVID-19's rampant transmission within congregate shelter facilities nationwide, Flagstaff Shelter Services swiftly moved shelter guests into rented motel rooms in March 2020 to provide adequate opportunity for social distancing. Temporarily sheltering Flagstaff's most vulnerable residents in private motel rooms through this Center for Disease Control-recommended model of emergency shelter was costly, but it addressed the immediate needs of our community while also minimizing virus transmission rates. In recognition of our swift pandemic response and innovative *Housing as Healthcare Program*, Flagstaff Shelter Services was awarded the 2021 Housing Hero Award for an Innovative Housing Program by the Arizona Department of Housing.

Because of our ground-breaking work and the work of other agencies across the country to blaze a trail for using motels to provide safely shelter and house vulnerable populations, the federal government made a meaningful financial investment in the purchase and renovation of motel properties nationwide. As a result, Flagstaff Shelter Services has been able to acquire two former motels in Flagstaff to provide non-congregate shelter: an historic 58-unit property (*The Crown*) which has been open and operating at capacity since April 2022 and a 103-unit property (*The Lantern*) which will open in the next 90 days.

Now, with three and a half years of experience providing emergency shelter via private motel rooms, Flagstaff Shelter Services' Emergency Shelter Program is well prepared to grow once again. Our organizational success with past shelter program expansions, our strong community partnerships, and our experience successfully administering federal and state funds position us well to successfully administer this expanding program, which will soon span three sites (our original congregate shelter and the two non-congregate shelters).

2. (5 points)

Describe how the entity collects and maintains data, measures activities versus outcomes and how data is used for program planning, evaluation, and improvement.

Flagstaff Shelter Services has nearly two decades of experience in meticulous record keeping. Careful records are kept regarding who stays at our shelter locations each night. We also use the web-based, nationally utilized Homeless Management Information System (HMIS), and staff are well-versed in collecting, entering, and updating data at guests' point of program entry, at time of change, and at exit. Using HMIS, staff document clients' progress toward case plan objectives, exit destination, and referrals to mainstream services. Other data collected includes but is not



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limited to income and sources, non-cash benefits, and health insurance. Data entered in HMIS is reviewed quarterly by our Director of Programs and Executive Director for efficiency, accuracy, and completeness. Based on data captured, we can easily determine how many unsheltered individuals and families are provided emergency shelter each year and how many successfully transition to permanent housing. Additionally, we have Memoranda of Understanding (MOUs) with Native Americans for Community Action, The Guidance Center, Southwest Behavioral & Health Services, and North Country HealthCare to track improvements in physical and behavioral health and connection to housing. We are also in the process of standing up an MOU with Flagstaff Medical Center's Emergency Department to track rates of emergency service usage among shelter guests (unsheltered and congregate shelter guests vs. non-congregate shelter guests). Data is reviewed by Flagstaff Shelter Services' management team on a bi-weekly basis and the Board of Directors on a monthly basis. Data is evaluated carefully to guide necessary program modifications and improvements.

3. (5 points)

Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? To what extent does the applicant participate? An MOU with or letter from the CoC confirming entity participation is required.

Flagstaff Shelter Services is one of the two entry points for Flagstaff's coordinated entry program, Front Door, and we currently hold an executed Memorandum of Understanding (MOU) with Front Door. We are also an active member of the local Continuum of Care (CoC), now known as the Coconino Local Coalition to End Homelessness (See attached letter from the CoC). Our Executive Director, Ross Schaefer, also holds the following relevant positions:

- Co- Chair, Coconino County Local Coalition to End Homelessness (2018 – Present)
- Appointed Council Member, Governor's Interagency and Community Council on Homelessness and Housing (June 2023 – Present)
- Chair, Governor's Interagency and Community Council on Homelessness and Housing – Innovative and Best Practices Workgroup (June 2023 – Present)
- Elected Commissioner, City of Flagstaff Housing Commission (October 2019 – Present)
- Board Member, Southwest Fair Housing Council (August 2022 – Present)
- Member, Arizona Balance of State Social Justice and Race Equity Committee (December 2021 - Present)
- Board Member, Arizona Balance of State Continuum of Care Governance Board of Directors (2018 – Present)

Proposed Program (50 points)

1. (15 points)

Describe how the proposed program will provide shelter and/or services to unsheltered persons who are experiencing homelessness.

Highlight any shelter or service programs designed to serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The



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Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities.

The description should also include program specifics such as the requested funding amount, program start date, program end date (if applicable), and anticipated number of persons served during the period of performance.

Flagstaff Shelter Services is respectfully requesting \$550,000 in support of our growing Emergency Shelter program, which provides low-barrier shelter and supportive services to diverse, unsheltered individuals and families experiencing homelessness in Flagstaff. This is a long-standing program that has grown significantly over the past 18 months with the addition of non-congregate shelter units. Expanding upon its original 163-bed congregate shelter, Flagstaff Shelter Services purchased a blighted motel property (now called *The Crown*) in April 2022 to provide 58 units of non-congregate shelter for families. Now, the program is growing once again to keep up with the demand for shelter and services for unsheltered persons who are experiencing homelessness. This increased demand is a result of a number of factors such as COVID-19 and resulting inflation; the Freddy Brown, et al. v. City of Phoenix court decision to clear and clean The Zone; and the closure of sober living homes and residential facilities. To effectively respond, in the next 90 days, Flagstaff Shelter Services will open an additional 103 non-congregate shelter units at a second former motel location, purchased in April 2023 (called *The Lantern*). The opening of *The Lantern* means this unique Emergency Shelter program will soon operate three shelters (one congregate and two non-congregate) comprised of 163 congregate shelter beds and 161 non-congregate shelter units.

The program is expected to serve a total of 2,400 unsheltered individuals over the course of the performance period. Guests of all three shelter locations will have access to nutritious meals, warm showers, laundry facilities, coordinated medical and behavioral healthcare, clothing, shoes, hygiene supplies, day services, budgeting support, and evidence-based housing services. These services are intentionally designed to improve long-term health and housing outcomes. As a low-barrier organization, Flagstaff Shelter Services does not focus on time limits to shelter stays but rather on helping guest move to permanent, affordable housing as quickly as possible.

2. (15 points)

Describe the proposed beneficiaries the program will serve. Include local statistics/data or other information to demonstrate the need for this program. Provide information regarding performance metrics- identify and list specific measures that will be reported to demonstrate the impact of this funding. Example: Number of individuals served, shelter nights provided, move in assistance, etc. evaluation, including how the program evaluates services and the impact on clients.

Homelessness is a significant challenge in Flagstaff. In the most recently published Point in Time count, 414 Coconino County residents were unsheltered (39) or in emergency shelter (375) on a single night. This has been exacerbated by the COVID-19 pandemic, inflation, the court decision



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in Phoenix to clear and clean The Zone, and the closure of local sober living homes and residential facilities. Despite an array of services for households experiencing homelessness, the number of those in need still far outweighs the supply.

Flagstaff Shelter Services growing Emergency Shelter program will address this need. The program serves any individual, couple, or family experiencing a housing crisis, regardless of their faith, mental health status, sobriety, criminal record, or COVID-19 status. At Flagstaff Shelter Services, we firmly believe safe shelter and housing is a right, not a privilege. As such, this program serves as the community safety net for our neighbors in need, welcoming those who have been turned away by other local service providers.

Flagstaff Shelter Services is requesting funding to support the growth of this longstanding Emergency Shelter program to further address glaring community needs. *The Lantern's* 103 units of non-congregate shelter will be Flagstaff's only non-congregate emergency shelter for individuals. More of this type of safe shelter space is needed to successfully operate under the Centers for Disease Control and Prevention-recommended model of emergency shelter. Additionally, opening *The Lantern* will enable our other non-congregate shelter, *The Crown*, to serve strictly families, thereby addressing the community need for family shelter space. Prior to *The Crown* opening in April 2022, there were only three emergency/transitional shelter units in Flagstaff for families that included a father or second head-of household (two-parent households and single fathers with minor children). For two-parent households, the lack of adequate family space meant fathers (and sometimes boys over the age of 12) were often separated and sent to one shelter while a mother and children were sent to another. Not only is this a traumatizing solution for a family experiencing homelessness, but it is an extremely costly intervention for multiple agencies to be serving one family. By providing non-congregate family shelter at *The Crown*, however, Flagstaff Shelter Services' Emergency Shelter Program keeps parents and children in crisis safely together.

This program represents a more impactful, cost-effective, and sustainable model than providing hotel vouchers to unsheltered community members, particularly as it offers households onsite, wrap-around, supportive services. This has profoundly positive impacts on guests' housing *and* health outcomes. This is evidenced by improved housing stability, increased adherence to medical and behavioral health treatment plans, and reduced usage of community crisis services. As a result, unnecessary strain on emergency medical services, law enforcement, and the criminal justice system is alleviated.

Over the course of the performance period (July 1, 2023 – June 30, 2024), this unique program is expected to provide 104,938 bed nights to an estimated 2,400 unduplicated, low-income neighbors experiencing a housing crisis. All shelter guests are extremely low-income and are served without preconditions or barriers. The community served by this program is about 56% Indigenous, 28% White, 7% Hispanic/Latino, 5% multiracial and 4% Black. Over half struggle with chronic mental or physical health issues, and about 10% are veterans.



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3. (10 points)

Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024. This narrative should align with the timeline provided in Attachment C.

While Flagstaff Shelter Services' non-congregate shelter at *The Crown* and our congregate shelter are already operational, our Emergency Shelter program will grow in the next 90 days with the opening of our second non-congregate shelter site, *The Lantern*. Upon notice of grant award, Flagstaff Shelter Services will begin spending down awarded funds on program staff salaries and wages as well as shelter operations expenses across the three shelter properties. Funds will be spent down monthly, and the grant will be fully expended by June 30, 2024, with close-out and monitoring taking place by July 31, 2024. See attached Schedule of Completion.

4. (10 points)

Provide budget details including a line-item budget for the program that includes the following categories as applicable: personnel, fringe benefits, administration, supplies, equipment, nightly stays, and other. This narrative should align with the budget provided in Attachment D.

This Emergency Shelter program is budgeted at \$19,912,0421 for fiscal year 2023-2024. **The majority of this (\$16,122,646) is the value of the three facilities that serve as shelter sites.**

Program expenses total \$3,450,150, with the vast majority of this (\$2,958,950) being personnel costs associated with staffing the three locations (salaries/wages + fringe benefits). Each site has a full-time Shelter Manager and is staffed by qualified Shelter Coordinators around the clock every day of the year. Well-staffed shelter sites are key to programmatic success and ultimately public health, which is why we are requesting significant support for this line item. Also included in personnel is the salaries of three full-time Housing Case Managers who work alongside shelter guests on budgeting, connecting to other eligible resources/benefits, and identifying and securing permanent housing. The majority of funds awarded through this grant opportunity will support crucial program staff salaries and wages.

Other program expenses include the following:

- Three meals are provided daily to all shelter guests through in-kind support from Flagstaff Family Food Center (valued at \$150,000), and an additional \$4,800 is budgeted for kitchen supplies and other food needs that arise.
- Shelter operation expenses across the three sites are budgeted at \$294,100 and will be partially supported by funds awarded by the City of Flagstaff. These expenses include utilities, insurance, phone, internet, property maintenance, and repairs.
- Client transportation expenses (\$8,700) includes mileage, auto expenses and bus passes to ensure shelter guests can get to/from health- and housing-related appointments.
- Client hygiene items and supplies are budgeted at \$12,600 and will ensure all shelter guests have their most basic needs met.
- Office supplies across all three shelter sites are expected to cost \$9,000.
- Shelter supplies for the three locations are budgeted at \$12,000 and include things like trash bags, cleaning products, paper products, etc.



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Lastly, 10% of program expenses (\$339,245) has been budgeted for program administrative support, which covers things like human resources, the annual audit, accounting expenses, and website/IT services.

Fiscal Management and Applicant Capacity (20 points)

1. (10 points)

What is the applicant's current annual operating budget? Does the applicant undergo an annual audit? Please attach the applicant's audit and financial statement from the most recent fiscal year.

Flagstaff Shelter Services' 2023-2024 operating is \$4,660,000. We undergo an annual single audit by an independent certified public accounting firm. Please see attached our most recent (FY21) single audit attached. We are currently finishing up our FY222 single audit and will gladly share this with the City of Flagstaff once it's complete. We also undergo annual monitoring with every major funding, such as the Arizona Departments of Economic Security and Housing and the City of Flagstaff.

2. (10 points)

Briefly describe the applicant's history and realistic capacity for administering these funds. Has the applicant received City of Flagstaff funding in the past?

Flagstaff Shelter Services has extensive experience administering various government funding, dating back to 2014. Our success in complying with all funding regulations demonstrates our organizational capacity to administer the requested funds. We have successfully administered the following federal, state, and county funding without issue:

- 2022-2023 – Over \$15 million of federal ARPA funds from the Arizona Department of Housing for the purchase of two former motel properties to better care for our vulnerable neighbors.
- 2021 - \$400,000 in emergency funds from the Arizona Governor's office and \$50,000 from Coconino County to support our COVID-mitigation work.
- 2020 - \$534,116.59 from the Arizona Department of Emergency & Military Affairs in support of non-congregate, emergency shelter operations.
- 2014-2022: \$1,068,000 of Arizona Department of Housing Trust Fund monies.
- 2016-2023: \$3,705,070 from the Arizona Department of Economic Security

Additionally, Flagstaff Shelter Services has successfully administered the following City of Flagstaff/CDBG/CARES Act grants, spending all funds without issue and complying with all statutes:

- 2023 - \$130,779.50 awarded (but not yet received/expended) for renovations of *The Lantern*, our second non-congregate shelter site
- 2022 - \$242,000 awarded (but not yet received/expended) for renovations of *The Crown*, our first non-congregate shelter site
- 2022 - \$135,592.57 awarded (not yet fully expended) for non-congregate shelter operations



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- 2021 - \$562,248 fully expended for Front Door Coordinated Entry & motel sheltering for COVID-19 prevention
- 2020 - \$100,000 fully expended on COVID-response operations
- 2019 - \$60,000 fully expended on workforce development services for individuals experiencing homelessness
- 2018 - \$332,768 fully expended on emergency shelter renovation (facility expansion)
- 2018* - \$60,000 fully expended to hire a new staff member, the Director of Shelter and Housing Services, to guide program expansion
- 2017 - \$57,794 fully expended to support Front Door Coordinated Entry
- 2016 - \$89,800 fully expended on overflow shelter services and a laundry facility project
- 2015 - \$50,000 fully expended in support of housing services
- 2014 - \$38,911 fully expended for the provision of emergency shelter for vulnerable women

*While we have never had to return awarded funds at any point, we did receive a contract extension for less than \$5,000 of the 2018 CDBG funds awarded due to staffing and hiring challenges.

General Criteria (10 points)

These questions are included for your information. Do not include answers to these questions in your submitted application.

1. (5 points)

How realistic is the 12-month Schedule of Completion? How realistic is the program budget and is the program cost effective? Was the correct format used?

2. (5 points)

Has the applicant exhibited competence in preparing the application? Are the applicants answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

Unscored Questions

1. What is the minimum amount of funding needed for the program to proceed?

While Flagstaff Shelter Services would be grateful for any support offered through this funding opportunity, growing this proven Emergency Shelter program will require significant, new resources. Therefore, we are respectfully requesting \$550,000 to proceed with this programmatic growth, mainly by supporting well-qualified, around the clock staffing.

At Flagstaff Shelter Services, we are seeing increased severity of the devastating effects of homelessness as a result of the following:

- Increases in substance use, the need for Narcan administration, and overdose deaths, namely as a result of fentanyl laced with xylazine



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- Human trafficking
- Violence
- Gaps in communication and collaboration with local emergency response systems
- Reduction in affordable housing inventory as a result of the COVID pandemic
- Climate-related increase in demand for service (wildfires, floods, subzero temperatures)
- Racial disparities

While each of these on its own results in dire consequences, all of these factors working together result in an extremely volatile situation that requires well-trained, trauma-informed staff and programs.

2. Is there any other information you would like the Ranking Committee to know about your program or organization that is not already covered?

Flagstaff Shelter Services centers its work in equity, and as such, our Board of Directors and staff (including executive team) are representative of the community we serve. Over half bring valuable lived experience as formerly homeless, veterans, justice-involved, and survivors of domestic violence. Their experiences and perspectives are instrumental in guiding the growth of this Emergency Shelter program and agency culture in general.

**EXHIBIT C
PROJECT BUDGET**

Project Budget	
City of Flagstaff	Homeless Shelter and Services
	July 1, 2023 - June 30, 2024
Project Description:	Congregate & Non-congregate Emergency Shelter
Implementing Agency:	Flagstaff Shelter Services
CoF Project Number:	N/A
Persons Served:	2,400
Date Submitted:	10/9/2023

Item/Activity Identifier	Item/Activity Description	City of Flagstaff Housing Section	Federal/State/Local Funding	United Way, Foundation & Corporate Funding	Agency Financing	In-Kind Donations	TOTALS
1	Program Related Expenses						
A	Personnel: Program Staff Salaries/Wages	\$ 504,286	\$ 602,923	\$ 1,270,000	\$ 452,799		\$ 2,830,008
B	Fringe Benefits		\$ 7,491	\$ 35,000	\$ 86,451		\$ 128,942
C	Kitchen Supplies & Food for Shelter Guests			\$ 4,800		\$ 150,000	\$ 154,800
D	Shelter Operation Expenses	\$ 45,714	\$ 190,686	\$ 57,700			\$ 294,100
E	Client Transportation			\$ 8,700			\$ 8,700
F	Client Hygiene Items & Supplies			\$ 12,600			\$ 12,600
G	Office Supplies			\$ 9,000			\$ 9,000
H	Shelter Supplies			\$ 12,000			\$ 12,000
2	Administration						
A	Federal de Minimus (10% of Program Related		\$ 17,375		\$ 321,870		\$ 339,245
3	Facility Value						
A	Huntington: Congregate Shelter				\$ 982,646		\$ 982,646
B	The Crown: Non-Congregate Shelter				\$ 6,190,000		\$ 6,190,000
C	The Lantern: Non-Congregate Shelter				\$ 8,950,000		\$ 8,950,000
Totals		\$550,000	\$818,475	\$1,409,800	\$16,983,766	\$150,000	\$19,912,041

Narrative: See attachment B

EXHIBIT E
SCHEDULE OF COMPLETION

Project Schedule of Completion	
City of Flagstaff	Homeless Shelter and Services
	July 1, 2023 - June 30, 2024
Project Description:	Congregate & Non-Congregate Emergency Shelter
Implementing Agency:	Flagstaff Shelter Services
CoF Project Number:	N/A
Persons Served:	2,400
Date Submitted:	10/9/2023

Action Items:	Item Description	Program Year: 2023/2024 1st Month Begins with the Notice to Proceed								
		1st	2nd	3rd	4th	5th	6th	7th	8th	9th
1	Program Site 3 (The Lantern) Opes									
2	Shelter Operations Expenses Paid									
3	Shelter Staff Salaries & Wages Paid									
4	Close Out & Monitoring									

Narrative: Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024.

While Flagstaff Shelter Services' non-congregate shelter at *The Crown* and our congregate shelter are already operational, our Emergency Shelter program will grow in the next 90 days with the opening of our second non-congregate shelter site, *The Lantern*. Upon grant award, Flagstaff Shelter Services will begin spending down awarded funds on program staff salaries and wages and shelter operations expenses across the three shelter properties. Funds will be spent down monthly, and the grant will be fully expended by June 30, 2024, with close-out and monitoring taking place by July 31, 2024.

Kristine Pavlik
Housing and Grants Administrator
City of Flagstaff Housing Section
3481 N Fanning Drive
Flagstaff, Arizona 86004

February 21, 2023

Dear Ms. Pavlik,

Flagstaff Shelter Services (FSS) is an active member of the Coconino County Continuum of Care to End Homelessness (CoC), working in partnership with other services providers to develop and implement strategies to prevent and end homelessness in Northern Arizona. FSS participates in bi-monthly local CoC meetings, has representation on steering committees, attends bi-monthly Executive Committee meetings to participate in strategic planning and Arizona Department of Housing reporting, participates as a Flagstaff Front Door intake site, Executive Director, Ross Schaefer, is a CoC Co-Chair and a Coconino County representative for the Arizona Balance of State Continuum of Care (AZBOSCO). The Mission of the CoC is to be a united coalition of community systems, to assist community members who experience homelessness and/or near homelessness to obtain housing, achieve economic stability, and enjoy enhanced quality of life through the delivery of coordinated and comprehensive services.

Sincerely,



Heather Marcy
Co-Chair - Coconino County Continuum of Care to End Homelessness
Deputy Director, Northland Family Help Center
928-233-4306
hmarcy@northlandfamily.org

Flagstaff Shelter Services, Inc.

Financial Statements

For The Year Ended June 30, 2021

Together With Independent Auditor's Report

BRADLEY C. SCOTT, CPA, PLLC

Flagstaff Shelter Services, Inc.

June 30, 2021

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Bradley C. Scott, MBA, CPA

Member:
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Arizona Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Flagstaff Shelter Services, Inc.
Flagstaff, Arizona

Report on the Financial Statements

I have audited the accompanying financial statements of Flagstaff Shelter Services, Inc (a nonprofit organization) which comprise the statement of financial position as of June 30, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 on 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flagstaff Shelter Services, Inc. as of June 30, 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.

Report on Summarized Comparative Information

I have previously audited the Flagstaff Shelter Services, Inc.'s June 30, 2020 financial statements, and I expressed an unmodified audit opinion on those financial statements in my report dated February 4, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the financial statements from which it has been derived.

Other Matters

Other Information

My 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* (CFR) 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 my 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*, I have also issued my report August 8, 2022 on my consideration of Flagstaff Shelter Services, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Flagstaff Shelter Services, Inc.'s internal control over financial reporting and compliance.

Flagstaff, Arizona
August 8, 2022

Flagstaff Shelter Services, Inc.

Statement of Financial Position
June 30, 2021

With Comparative Totals At June 30, 2020

	Assets			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/2021</u>	<u>Total 6/30/2020</u>
Current Assets:				
Cash & Cash Equivalents (Note 2)	\$ 21,065		\$ 21,065	\$ 6,638
Deposits (Note 9)	2,351		2,351	2,351
Prepaid Expenses	383		383	567
	<u>23,799</u>	<u>0</u>	<u>23,799</u>	<u>9,556</u>
Property And Equipment: (Notes 1, 3,4)				
Land	215,000		215,000	215,000
Building	645,000		645,000	645,000
Furniture and Equipment	44,187		44,187	42,582
Building Renovation & Improvements	1,175,250		1,175,250	1,175,250
	<u>2,079,437</u>	<u>0</u>	<u>2,079,437</u>	<u>2,077,832</u>
Less Accumulated Depreciation	<u>(406,379)</u>	<u>0</u>	<u>(406,379)</u>	<u>(334,800)</u>
	<u>1,673,058</u>	<u>0</u>	<u>1,673,058</u>	<u>1,743,032</u>
Other Assets:				
Refinance Costs	6,546		6,546	6,546
Less Accumulated Amortization	<u>(1,915)</u>	<u>0</u>	<u>(1,915)</u>	<u>(1,648)</u>
	<u>4,631</u>	<u>0</u>	<u>4,631</u>	<u>4,898</u>
	<u>1,673,058</u>	<u>0</u>	<u>1,673,058</u>	<u>1,743,032</u>
	<u>4,631</u>	<u>0</u>	<u>4,631</u>	<u>4,898</u>
	<u>1,701,488</u>	<u>0</u>	<u>1,701,488</u>	<u>1,757,486</u>
Total Assets	\$ 1,701,488	\$ 0	\$ 1,701,488	\$ 1,757,486

Liabilities And Net Assets

Current Liabilities:				
Accounts Payable	\$ 569,903	\$	\$ 569,903	\$ 76,131
Accrued Payroll	31,605		31,605	36,649
Accrued Paid Leave	15,415		15,415	15,366
Payroll Taxes Payable	14,199		14,199	19,193
Interest Payable	1,084		1,084	7,829
Accrued Expenses	7,750		7,750	7,750
Short Term Liabilities	150,000		150,000	134,600
Current Portion of Long Term Debt	<u>13,233</u>		<u>13,233</u>	<u>12,181</u>
	<u>803,189</u>	<u>0</u>	<u>803,189</u>	<u>309,699</u>
Long Term Liabilities:				
Mortgage Payable (Note 7)	478,423		478,423	490,575
Less Current Portion	<u>(13,233)</u>		<u>(13,233)</u>	<u>(12,181)</u>
	<u>465,190</u>	<u>0</u>	<u>465,190</u>	<u>478,394</u>
	<u>1,268,379</u>	<u>0</u>	<u>1,268,379</u>	<u>788,093</u>
	<u>433,109</u>	<u>0</u>	<u>433,109</u>	<u>969,393</u>
Net Assets	433,109	0	433,109	969,393
	<u>1,701,488</u>	<u>0</u>	<u>1,701,488</u>	<u>1,757,486</u>
Total Liabilities And Net Assets	\$ 1,701,488	\$ 0	\$ 1,701,488	\$ 1,757,486

See accompanying notes to financial statements and auditor's report.

Flagstaff Shelter Services, Inc.

Statement of Activities And Changes In Net Assets Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/2021</u>	<u>Total 6/30/2020</u>
Changes in Net Assets:				
Support And Revenues:				
Contributions	\$ 693,859	\$	\$ 693,859	\$ 1,666,410
Grants	3,919,210		3,919,210	838,830
In-Kind Donations (Notes 1, 4)	491,350		491,350	554,084
Special Event Income	10,026		10,026	11,704
Other Revenue	<u>0</u>		<u>0</u>	<u>1,295</u>
Total Support And Revenues	5,114,445	0	5,114,445	3,072,323
Net Assets Released From Restrictions:				
Satisfaction of Contribution Restrictions			<u>0</u>	<u>0</u>
Total Support, Revenue, And Assets Released	5,114,445	0	5,114,445	3,072,323
Operating Expenses:				
Program Services	5,464,052		5,464,052	2,537,840
Support Services	<u>166,593</u>		<u>166,593</u>	<u>113,579</u>
Total Operating Expenses	<u>5,630,645</u>	<u>0</u>	<u>5,630,645</u>	<u>2,651,419</u>
Change in Net Assets From Operations	(516,200)	0	(516,200)	420,904
Other Changes:				
Interest Revenue	16		16	216
Interest Expense	<u>(20,100)</u>		<u>(20,100)</u>	<u>(27,698)</u>
Net Other Income/(Expenses) From Other Changes	<u>(20,084)</u>	<u>0</u>	<u>(20,084)</u>	<u>(27,482)</u>
Increase (Decrease) in Net Assets	(536,284)	0	(536,284)	393,422
Net Assets at Beginning of Year	<u>969,393</u>		<u>969,393</u>	<u>575,971</u>
Net Assets at End of Year	<u>\$ 433,109</u>	<u>\$ 0</u>	<u>\$ 433,109</u>	<u>\$ 969,393</u>

See accompanying notes to financial statements and auditor's report.

Flagstaff Shelter Services, LLC

Statement of Functional Expenses
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	Program Services	Support Services	Total 6/30/2021	Total 6/30/2020
Expenses:				
Advertising and Promotion	\$	\$	\$ 0	\$ 400
Amortization Expense	246	21	267	267
Bank & Merchant Fees	3,394		3,394	3,958
Cleaning Supplies			0	181
Client Services	3,291,690		3,291,690	828,432
Computer Expense	15,649		15,649	34,697
Depreciation Expense	65,877	5,701	71,578	54,156
Dues & Subscriptions	4,281		4,281	2,244
Food and Food Supplies	456,748		456,748	458,458
Fundraising and Special Event Expense	5,682		5,682	38,710
Insurance	43,197	3,738	46,935	13,725
Meetings & Receptions	2,187		2,187	6,073
Office Supplies	10,206	884	11,090	5,468
Payroll Taxes & Employee Related Expenses	282,153	30,445	312,598	282,260
Postage & Delivery	1,240		1,240	905
Professional Fees	87,648	7,585	95,233	85,705
Program Supplies	10,380		10,380	17,367
Rent Expense	2,829		2,829	62,600
Repairs & Maintenance	5,660		5,660	7,702
Salaries & Wages	1,142,171	115,605	1,257,776	695,255
Taxes & Licenses	278		278	363
Telephone & Internet Expense	1,708	148	1,856	2,795
Travel Expense	574		574	12,747
Utilities	28,494	2,466	30,960	17,361
Vehicle Expense	1,760		1,760	10,460
Workers' Compensation Insurance			0	9,130
Total Expenses	\$ 5,464,052	\$ 166,593	\$ 5,630,645	\$ 2,651,419

See accompanying notes to financial statements and auditor's report.

Flagstaff Shelter Services, Inc.

Statement of Cash Flows Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (536,284)	\$ 393,422
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,578	54,156
Amortization	267	267
(Increase) Decrease in current assets:		
Prepaid Expenses	184	(109)
Employee Advances	0	497
Increase (Decrease) in current liabilities:		
Accounts Payable	493,772	(17,986)
Accrued Payroll	(5,044)	22,854
Accrued Paid Leave	49	3,267
Payroll Taxes Payable	(4,994)	16,237
Interest Payable	(6,745)	6,621
Accrued Expenses	0	500
Short term liabilities	<u>15,400</u>	<u>134,600</u>
Total Adjustments	<u>564,467</u>	<u>220,904</u>
Net Cash Provided by (Used in) Operating Activities	28,183	614,326
Cash Flows From Investing Activities:		
Cash From The Disposal of Property And Equipment	0	0
Purchases of Property And Equipment	<u>(1,604)</u>	<u>(778,523)</u>
Net Cash Provided by (Used in) Investing Activities	(1,604)	(778,523)
Cash Flows From Financing Activities:		
Principle Payments on Long-Term Debt	<u>(12,152)</u>	<u>(8,670)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(12,152)</u>	<u>(8,670)</u>
Net Increase (Decrease) in Cash	14,427	(172,867)
Cash at Beginning of Period	<u>6,638</u>	<u>179,505</u>
Cash at End of Period (Note 1)	<u><u>\$ 21,065</u></u>	<u><u>\$ 6,638</u></u>
Supplementary Disclosures of Cash Flow Information:		
Cash Payments for Interest	<u><u>\$ 26,845</u></u>	<u><u>\$ 21,077</u></u>
Cash Payments for Income Tax	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements and auditor's report.

Flagstaff Shelter Services, Inc.

Notes to Financial Statements Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Flagstaff Shelter Services, Inc. (the Organization) have been prepared on the accrual basis of accounting. The significant policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of the Organization

Flagstaff Shelter Services, Inc. was incorporated in the State of Arizona on May 1, 2006, in accordance with Section 501(c)(3) of the Internal Revenue Code. The Organization is located in Flagstaff, Arizona and is dedicated to providing emergency shelter to homeless men and women in Coconino County and the services needed to overcome the problems underlying homelessness. The Organization's mission is to provide homeless men and women shelter and services and to assist them in obtaining stable housing. The Organization is also dedicated to establishing a permanent shelter in a location that will allow the program to expand and provide the option for extended stays. Flagstaff Shelter Services offers five different programs for homeless men and women; Emergency Shelter, Temporary Shelter, Transitional Shelter, Day Drop-in Shelter, and Free Health Clinic services.

Financial Statement Presentation

The financial statements of The Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require The Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Flagstaff Shelter Services, Inc.

Notes to Financial Statements Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges to Give

Contributions are recognized when the donor makes a written pledge to give to the Organization that is, in substance, unconditional. Restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Unconditional pledges to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, discounted using low-risk interest rates applicable to the year in which the pledge was received. An allowance for uncollectible pledges is provided based on Management's evaluation of potential uncollectible pledges receivable at year-end. The balance of uncollectible accounts amounted to \$0, for the years ending June 30, 2021 and 2020.

Discounted or Donated Goods and Services

The Organization records discounted or donated goods and services in accordance with the requirements of SFAS No. 116. The Organization values discounted or donated goods and services at their fair market values at the date of the discount or donation.

Discounted or Donated Goods and Services (continued)

The fair market value of some donated goods and services is not readily available at the date of donation and as a result have not been included in the financial statements. For the years ended June 30, 2021 and 2020 the Organization recorded the following in-kind contributions:

	<u>2021</u>	<u>2020</u>
Services	\$ 35,100	\$ 35,100
Donated Use of Facilities	0	62,000
Food	<u>456,250</u>	<u>456,984</u>
Total	<u>\$ 491,350</u>	<u>\$ 554,084</u>

The statements do not reflect the fair value of non-specialized contributed services provided by volunteers to the Organization, who provide significant services for program events and fundraising, because they did not meet the criteria for recognition under SFAS No. 116.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Managements' Review of Subsequent Events

In the preparation of the financial statements, management's review of subsequent events were evaluated through August 8, 2022 the date the financial statements were available to issue.

Flagstaff Shelter Services, Inc.

Notes To Financial Statements Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization qualifies and tax-exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201 of the Arizona Revised Statutes. Therefore, the Organization's financial statements contain no provision of liability for income taxes.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Organization had only bank accounts and petty cash to be considered as cash equivalents as of June 30, 2021 and 2020 respectively.

Property and Equipment

Purchases of property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the strait-line method over the estimated useful lives of the assets, which range from five to thirty years.

NOTE 2 – CASH

The total cash held by the Organization as of June 30, 2021:

	<u>2021</u>	<u>2020</u>
Cash in Bank - Unrestricted	\$ 21,065	\$ 6,638
Cash in Bank – Temporarily Restricted	<u>0</u>	<u>0</u>
Total	<u>\$ 21,065</u>	<u>\$ 6,638</u>

Flagstaff Shelter Services, Inc.

Notes To Financial Statements Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment as June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 215,000	\$ 215,000
Building	645,000	645,000
Furniture and Equipment	44,187	42,582
Building Expansion & Improvements	<u>1,175,250</u>	<u>1,175,250</u>
Total	2,079,437	2,077,832
Less accumulated depreciation	<u>(406,379)</u>	<u>(334,800)</u>
Property and equipment, net	<u>\$ 1,673,058</u>	<u>\$ 1,743,032</u>

Depreciation expense was \$78,578 and \$54,156 for the years ended June 30, 2021 and 2020 respectively.

NOTE 4 – DONOR RESTRICTION ON NET ASSETS

During the June 30, 2019 fiscal year, the Organization commenced construction on a new shelter addition and expansion. Specified contributions of \$477,768 were received during the current fiscal year to fund the addition. In addition, \$144,365 of unexpended contributions remained at the end of the June 30, 2019 fiscal year to expend on the expansion. During the fiscal year ended June 30, 2020, \$592,133 of those contributions were expended on the addition. At June 30, 2021 there were no remaining donor restricted funds to expend.

NOTE 5 – CONCENTRATION RISK

The Federal Deposit Insurance Corporation insures accounts up to \$250,000 per institution for the years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, the Organization did not maintain cash balances in excess of this amount.

NOTE 6 – RELATED PARTY TRANSACTIONS

Certain professional services are provided by members of the board and have been properly reflected in the financial statements in accordance with generally accepted accounting principles. In addition, significant pledges have been made by members of the board to the Organization.

NOTE 7 – MORTGAGE PAYABLE

The Organization maintains a mortgage on their Huntington Drive Shelter property with a balance of \$478,423 at June 30, 2021. The mortgage payable, which is collateralized by the Shelter property, carries an interest rate of 5.44% and requires monthly payments of \$3,244 for a term of 25 year. The mortgage interest rate is reset every 5 years and has a call provision at the end of 10 years in May 2024.

Flagstaff Shelter Services, Inc.

Notes To Financial Statements Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

NOTE 7 – MORTGAGE PAYABLE (Continued)

Future minimum cash payments required by the mortgage for the fiscal years ending June 30 are as follows:

2022	\$38,933
2023	38,933
2024	38,933
2025	38,933
2026	38,933
Thereafter	<u>597,309</u>
Total	791,974
Less Mortgage Interest	<u>(313,551)</u>
Mortgage Payable – June 30, 2021	<u>\$478,423</u>

NOTE 8 – SHELTER EXPANSION

During the previous fiscal year, the Organization built a new shelter addition to their existing shelter facilities. The expansion was financed through contributions. The Organization expended a total of \$890,758 on the expansion. The new addition was completed and placed into service in November 2020.

NOTE 9 – AVAILABILITY AND LIQUIDITY

The Organization has financial resources consisting of cash, and other assets of \$21,065 as of June 30, 2021. All these financial resources are available to meet the Organization's cash needs for general expenditures for the upcoming fiscal year.

The Organization's goal is to generally maintain financial assets to meet 60 days of operating expenses which on the average, amount to approximately \$940,000. The Organization has a policy to structure its financial resources to be available as its general expenditures, liabilities, and other obligations become due. As part of its liquidity plan, The Organization may invest excess resources and seek short term credit to better manage and meet its obligations.

Flagstaff Shelter Services, Inc.

Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal CDFA Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through Programs from:			
U.S. Department of Housing and Urban Development:			
Pass-through programs from:			
Community Development Block Grants/Entitlement Grants	14.218		792,248
Emergency Solutions Grant Program	14.231		1,875,095
Total Expenditures of Federal Awards			\$ 2,667,343

Notes to the Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity Flagstaff Shelter Services, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Flagstaff Shelter Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Flagstaff Shelter Services, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) 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.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE C - INDIRECT COST RATE

Flagstaff Shelter Services, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying notes to the schedule of expenditures of federal awards

Flagstaff Shelter Services, Inc.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

U.S. Department Housing and Urban Development

None -- first year audit -- Year Ended June 30, 2021.

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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 of
Flagstaff Shelter Services, Inc.
Flagstaff, Arizona

I 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 Flagstaff Shelter Services, Inc. (a nonprofit organization), which comprise the statements of position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated August 8, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Flagstaff Shelter Services, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Flagstaff Shelter Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Flagstaff Shelter Services, 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.

My consideration of the 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Flagstaff Shelter Services, Inc.'s financial statements are free from material misstatement, I 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 determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Flagstaff Shelter Services, Inc.'s Response to Findings

Flagstaff Shelter Services, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Flagstaff Shelter Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to prove 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.

Flagstaff, Arizona

August 8, 2022



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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 of
Flagstaff Shelter Services, Inc.
Flagstaff, Arizona

Report on Compliance for Each Major Federal Program

I have audited Flagstaff Shelter Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct material effect on each of Flagstaff Shelter Services, Inc.'s major federal programs for the year ended June 30, 2021. Flagstaff Shelter Services, Inc.'s major federal programs are identified in the summary of auditor's results sections of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Flagstaff Shelter Services, Inc.'s major federal programs based on my audit of the types of compliance requirements to above. I conducted my 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 I 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 Flagstaff Shelter Services, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Flagstaff Shelter Services, Inc.'s compliance.

Unmodified Opinion on Compliance for Each of the Other Major Federal Programs

In my opinion, Flagstaff Shelter Services, Inc. compiled, 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 June 30, 2021.

Other Matters

The results of my auditing procedures did not disclose other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance in the accompanying schedule of findings and questioned costs.

Report on Internal Control Over Compliance

Management of Flagstaff Shelter Services, 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 my audit of compliance, I considered Flagstaff Shelter Services, 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, I do not express an opinion on the effectiveness of Flagstaff Shelter Services, 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 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.

My 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 weakness or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

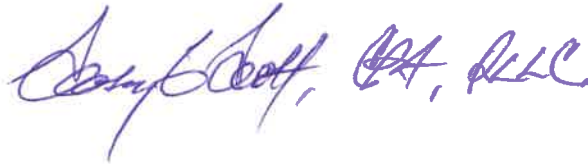
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a

deficiency, or 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-001 to be a significant deficiency.

The purpose of this report on the internal control over compliance is solely to describe the scope of my 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.

Flagstaff, Arizona

August 8, 2022



Flagstaff Shelter Services, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Flagstaff Shelter Services, Inc.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Flagstaff Shelter Services, Inc. were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Flagstaff Shelter Services, Inc. expresses an unmodified opinion on all major programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported in this Schedule.
7. The programs tested as major programs are: Community Development Block Grants/Entitlement Grants and Emergency Solutions Grant Program.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Flagstaff Shelter Services, Inc. was determined to be a high-risk auditee.