



*Reports of Independent Auditors and  
Consolidated Financial Statements with Supplementary Information*

**Compass Family Services**

*June 30, 2022 and 2021*

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**AUDITED ATTENDANCE AND FISCAL REPORTS**



## **Report of Independent Auditors**

The Board of Directors  
Compass Family Services (a California nonprofit public benefit corporation)

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Compass Family Services (“Compass”), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Compass Family Services of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 Compass and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Compass Family Services' ability to continue as a going concern for 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Compass' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Compass' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 31 to 34 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal and state awards on pages 41 to 43, 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* and the *Audit Guide* issued by the California Department of Education (CDE) and California Department of Social Services (CDSS), is also presented for purposes of additional analysis, as required by the California Department of Education and California Department of Social Service Audit Guide, and is not a required part of the consolidated financial statements. The accompanying supplementary information shown on pages 49 to 57 for the California Department of Education and California Department of Social Services is also presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated [date of report] on our consideration of Compass Family Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Compass Family Services' 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 Compass Family Services' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
December 13, 2022

## **Consolidated Financial Statements**

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**Compass Family Services**  
**Consolidated Statements of Financial Position**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,307,336	\$ 4,698,859
Restricted cash	3,329,337	3,181,974
Government grants receivable	2,067,647	2,495,401
Contributions receivable, net	1,370,229	721,605
Prepaid expenses and other assets	93,192	172,741
Investments	3,841,488	938,990
Client funds held in trust, current portion	2,709	10,439
Total current assets	<u>15,011,938</u>	<u>12,220,009</u>
Noncurrent assets		
Replacement reserves	833,012	387,935
Operating reserve	83,243	83,207
Client funds held in trust, net of current portion	17,320	7,322
NMTC leverage loan receivable	10,434,220	10,434,220
Endowment investments	505,931	590,201
Property, equipment and leasehold improvements, net	17,707,683	18,078,853
Total noncurrent assets	<u>29,581,409</u>	<u>29,581,738</u>
Total assets	<u>\$ 44,593,347</u>	<u>\$ 41,801,747</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,212,205	\$ 935,111
Deferred revenue	114,349	225,492
Client funds held in trust, current portion	2,709	10,439
Loans payable, current portion	18,926	1,388,441
Total current liabilities	<u>1,348,189</u>	<u>2,559,483</u>
Noncurrent liabilities		
Client funds held in trust, net of current portion	17,320	7,322
Notes payable - NMTC	14,676,975	14,663,186
Total noncurrent liabilities	<u>14,694,295</u>	<u>14,670,508</u>
Total liabilities	<u>16,042,484</u>	<u>17,229,991</u>
Net assets		
Without donor restrictions	23,487,635	20,475,665
With donor restrictions	5,063,228	4,096,091
Total net assets	<u>28,550,863</u>	<u>24,571,756</u>
Total liabilities and net assets	<u>\$ 44,593,347</u>	<u>\$ 41,801,747</u>

See accompanying notes.

**Compass Family Services**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022 Total</b>
Revenues, gains and other support			
Government grants	\$ 12,576,072	\$ -	\$ 12,576,072
Contributions	3,488,180	3,878,297	7,366,477
Contributed services	181,954	-	181,954
Special events	681,107	-	681,107
In-kind contributions	596,877	-	596,877
Program service fees	29,452	-	29,452
Interest and investment income, net	66,001	7,741	73,742
Realized and unrealized loss			
on investments	(466,541)	(95,067)	(561,608)
NMTC leverage loan interest	207,109	-	207,109
Other income	153,454	-	153,454
Gain on forgiveness of the Paycheck Protection			
Program (PPP) loan	1,364,972	-	1,364,972
Net assets released from restriction	2,823,834	(2,823,834)	-
	<u>21,702,471</u>	<u>967,137</u>	<u>22,669,608</u>
Total revenues, gains, and other support			
Expenses			
Program services			
Compass Family Shelter	1,130,720	-	1,130,720
Compass Children's Center	2,697,421	-	2,697,421
Compass SF Home	3,564,453	-	3,564,453
Compass Clara House	1,420,879	-	1,420,879
Compass C-RENT	985,138	-	985,138
Central City Access Point	1,072,418	-	1,072,418
Compass Family Resource Center	993,974	-	993,974
Compass Childcare Support Services	696,619	-	696,619
Compass 1321 Mission the Margot	57,405	-	57,405
Compass Behavioral Services	1,812,608	-	1,812,608
	<u>14,431,635</u>	<u>-</u>	<u>14,431,635</u>
Total program services			
Support services			
Management and general	2,780,756	-	2,780,756
Fundraising	1,478,110	-	1,478,110
	<u>4,258,866</u>	<u>-</u>	<u>4,258,866</u>
Total support services			
Total expenses	<u>18,690,501</u>	<u>-</u>	<u>18,690,501</u>
Change in net assets	3,011,970	967,137	3,979,107
Net assets, beginning of year	20,475,665	4,096,091	24,571,756
Net assets, end of year	<u>\$ 23,487,635</u>	<u>\$ 5,063,228</u>	<u>\$ 28,550,863</u>

**Compass Family Services**  
**Consolidated Statement of Activities and Changes in Net Assets (continued)**  
**Year Ended June 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2021 Total</b>
Revenues, gains and other support			
Government grants	\$ 10,454,079	\$ -	\$ 10,454,079
Contributions	4,086,082	3,147,428	7,233,510
Contributed services	169,733	-	169,733
Special events	712,625	10,000	722,625
In-kind contributions	579,741	-	579,741
Program service fees	21,692	-	21,692
Interest and investment income, net	29,038	9,495	38,533
Realized and unrealized gains			
on investments	31,520	104,162	135,682
NMTC leverage loan interest	207,109	-	207,109
Other income	108,571	-	108,571
Net assets released from restriction	3,440,224	(3,440,224)	-
	<u>19,840,414</u>	<u>(169,139)</u>	<u>19,671,275</u>
Program services			
Compass Family Shelter	1,240,909	-	1,240,909
Compass Children's Center	2,787,827	-	2,787,827
Compass SF Home	3,692,106	-	3,692,106
Compass Clara House	1,268,631	-	1,268,631
Central City Access Point	1,081,166	-	1,081,166
Compass Family Resource Center	910,776	-	910,776
Compass Childcare Support Services	833,392	-	833,392
Compass Behavioral Services	1,572,611	-	1,572,611
	<u>13,387,418</u>	<u>-</u>	<u>13,387,418</u>
Support services			
Management and general	2,338,315	-	2,338,315
Fundraising	969,140	-	969,140
	<u>3,307,455</u>	<u>-</u>	<u>3,307,455</u>
Total expenses	<u>16,694,873</u>	<u>-</u>	<u>16,694,873</u>
Change in net assets	3,145,541	(169,139)	2,976,402
Net assets, beginning of year	<u>17,330,124</u>	<u>4,265,230</u>	<u>21,595,354</u>
Net assets, end of year	<u>\$ 20,475,665</u>	<u>\$ 4,096,091</u>	<u>\$ 24,571,756</u>

See accompanying notes.

**Compass Family Services**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	Program Services							Support Services			Total			
	Compass Family Shelter	Compass Children's Center	Compass SF Home	Compass Clara House	Compass C-RENT	Central City Access Point	Compass Family Resource Center	Compass Childcare Support Services	Compass 1321 Mission The Margot	Compass Behavioral Services		Total Program Services	Management and General	Fundraising
Salaries and wages	\$ 490,357	\$ 1,406,280	\$ 867,882	\$ 669,665	\$ 236,324	\$ 542,663	\$ 524,667	\$ 438,717	\$ 26,114	\$ 1,144,145	\$ 6,346,814	\$ 1,063,055	\$ 530,853	\$ 7,940,722
Employee benefits	145,723	446,829	269,088	240,280	70,567	134,783	150,309	133,843	15,011	286,445	1,892,878	226,447	121,378	2,240,703
Professional fees	21,946	168,783	43,898	45,096	9,201	22,777	23,715	16,440	-	82,388	434,244	551,044	13,269	998,557
Housing assistance	-	-	1,864,529	-	470,260	130,587	-	-	-	3,000	2,468,376	-	-	2,468,376
Client assistance - other	267,127	195,390	357,379	133,447	159,114	155,591	150,681	59,236	278	158,484	1,636,727	1,098	312	1,638,137
Rent and occupancy	65,037	94,776	37,049	117,429	10,798	24,884	24,973	16,952	-	39,128	431,026	19,083	14,963	465,072
Contributed services	-	-	-	-	-	-	-	-	-	-	-	181,954	-	181,954
Office supplies	2,370	3,277	3,535	3,014	704	4,842	4,540	1,157	453	2,426	26,318	3,445	949	30,712
Program expenses	27,332	138,812	800	54,571	148	858	19,452	216	6,869	3,920	252,978	64	11,386	264,428
Telephone	11,711	24,793	14,861	21,540	4,210	9,070	6,754	5,480	120	17,315	115,854	10,616	6,588	133,058
Licenses and fees - technology	10,132	13,026	18,834	7,386	2,807	17,821	21,541	10,684	-	21,377	123,608	32,027	20,018	175,653
Licenses and fees - other	3,344	11,449	3,790	5,794	859	1,960	2,144	1,504	109	5,402	36,355	124,474	37,571	198,400
Insurance	7,049	22,440	10,171	16,129	1,995	10,998	6,164	6,006	-	12,998	93,950	23,518	4,360	121,828
Equipment maintenance	20,073	12,483	52,278	10,765	14,740	12,936	33,084	4,238	8,451	21,751	190,799	15,134	11,131	217,064
Printing	475	1,640	766	483	225	400	666	267	-	1,642	6,564	8,125	13,386	28,075
Travel, training, and hiring	3,759	2,168	11,176	3,046	2,535	925	2,473	1,019	-	8,970	36,071	7,816	1,467	45,354
Interest expense	-	-	-	-	-	-	-	-	-	-	-	210,126	-	210,126
Miscellaneous	2,821	19,558	7,899	6,101	651	758	22,628	594	-	2,974	63,984	22,421	24,594	110,999
Special events	-	-	-	-	-	-	-	-	-	-	-	49	250,463	250,512
Bad debt expense	-	1,949	-	-	-	-	-	-	-	-	1,949	40,545	399,233	441,727
Depreciation and amortization	51,464	133,768	518	86,133	-	565	183	266	-	243	273,140	239,715	16,189	529,044
	<u>\$ 1,130,720</u>	<u>\$ 2,697,421</u>	<u>\$ 3,564,453</u>	<u>1,420,879</u>	<u>\$ 985,138</u>	<u>\$ 1,072,418</u>	<u>\$ 993,974</u>	<u>\$ 696,619</u>	<u>\$ 57,405</u>	<u>\$ 1,812,608</u>	<u>\$ 14,431,635</u>	<u>\$ 2,780,756</u>	<u>\$ 1,478,110</u>	<u>\$ 18,690,501</u>

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**Compass Family Services**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2021 (continued)**

	Program Services					Support Services						
	Compass Family Shelter	Compass Children's Center	Compass SF Home	Compass Clara House	Central City Access Point	Compass Family Resource Center	Compass Childcare Support Services	Compass Behavioral Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 552,427	\$ 1,489,825	\$ 930,356	\$ 604,516	\$ 509,270	\$ 418,609	\$ 442,922	\$ 1,016,611	\$ 5,964,536	\$ 1,094,145	\$ 524,914	\$ 7,583,595
Employee benefits	166,995	489,576	299,670	210,807	152,835	116,657	151,792	250,926	1,839,258	273,777	138,456	2,251,491
Professional fees	21,261	98,298	34,592	38,080	26,008	14,916	19,966	59,781	312,902	189,049	26,472	528,423
Housing assistance	-	-	1,858,577	-	7,066	-	-	-	1,865,643	-	-	1,865,643
Client assistance - other	278,306	251,328	407,072	100,243	201,852	256,494	125,717	95,281	1,716,293	-	-	1,716,293
Rent and occupancy	50,767	92,772	19,057	97,713	25,691	7,752	12,935	21,229	327,916	9,863	9,770	347,549
Contributed services	-	-	-	-	-	-	-	-	-	169,773	-	169,773
Office supplies	1,417	2,022	991	1,610	5,128	2,587	626	2,070	16,451	2,660	615	19,726
Program expenses	74,385	116,717	11,440	49,045	7,294	13,194	6,568	2,015	280,658	-	1,009	281,667
Telephone	13,407	55,340	15,275	33,530	10,575	5,789	7,081	16,895	157,892	12,362	6,742	176,996
Licenses and fees - technology	6,238	8,321	15,423	7,682	39,360	11,157	10,228	17,641	116,050	17,329	-	133,379
Licenses and fees - other	2,661	9,417	3,741	5,149	1,558	1,739	1,448	3,102	28,815	24,997	-	53,812
Insurance	6,682	24,766	10,824	18,545	10,800	6,762	7,893	8,253	94,525	23,090	5,571	123,186
Equipment maintenance	5,128	5,862	8,824	8,433	11,118	22,045	5,505	15,223	82,138	10,616	7,185	99,939
Printing	282	1,448	460	297	554	666	183	902	4,792	9,198	14,259	28,249
Travel, training, and hiring	2,065	2,457	13,994	1,920	746	9,152	76	8,235	38,645	3,361	167	42,173
Interest expense	-	-	25,116	-	34,368	9,252	17,180	22,300	108,216	234,679	13,220	356,115
Miscellaneous	2,146	1,877	2,870	1,295	1,276	746	853	2,270	13,333	4,551	104,769	122,653
Special events	-	-	-	-	-	-	-	-	-	-	84,739	84,739
Depreciation and amortization	56,742	137,801	33,824	89,766	35,667	13,259	22,419	29,877	419,355	258,865	31,252	709,472
	<u>\$ 1,240,909</u>	<u>\$ 2,787,827</u>	<u>\$ 3,692,106</u>	<u>\$ 1,268,631</u>	<u>\$ 1,081,166</u>	<u>\$ 910,776</u>	<u>\$ 833,392</u>	<u>\$ 1,572,611</u>	<u>\$ 13,387,418</u>	<u>\$ 2,338,315</u>	<u>\$ 969,140</u>	<u>\$ 16,694,873</u>

See accompanying notes.

**Compass Family Services**  
**Consolidated Statements of Cash Flows**  
**Year Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 3,979,107	\$ 2,976,402
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	529,044	709,472
Net realized and unrealized losses (gains) on investments	561,608	(135,682)
Bad debt expense	441,727	-
Gain on disposal of property and equipment	-	(3,512)
Gain on forgiveness of PPP loan	(1,364,972)	-
Changes in operating assets and liabilities		
Government grants receivable	(13,973)	(251,551)
Contributions receivable	(648,624)	1,194,350
Prepaid expenses and other assets	79,549	(27,164)
Accounts payable and accrued expenses	277,094	214,687
Deferred revenue	(111,143)	76,001
Net cash provided by operating activities	<u>3,729,417</u>	<u>4,753,003</u>
Cash flows from investing activities		
Net increase in replacement reserves	(57,619)	(53,125)
Net increase in operating reserves	(36)	(25)
Purchases of property, equipment and leasehold improvements	(144,085)	(38,342)
Proceeds from the sale of investments	1,343,555	21,311
Purchases of investments	(5,110,849)	(738,407)
Net cash used in investing activities	<u>(3,969,034)</u>	<u>(808,588)</u>
Cash flows from financing activities		
Proceeds from loan payable	-	23,469
Payment on loans payable	(4,543)	(3,263,332)
Net cash used in financing activities	<u>(4,543)</u>	<u>(3,239,863)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(244,160)	704,552
Cash, cash equivalents, and restricted cash, beginning of year	7,880,833	7,176,281
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 7,636,673</u>	<u>\$ 7,880,833</u>
Cash, cash equivalents, and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 4,307,336	\$ 4,698,859
Restricted cash	3,329,337	3,181,974
Total cash, cash equivalents, and restricted cash	<u>\$ 7,636,673</u>	<u>\$ 7,880,833</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 210,126	\$ 356,115
Gain on forgiveness of PPP loan	\$ (1,364,972)	\$ -

**NOTE 1 – NATURE OF OPERATIONS**

Compass Family Services (“Compass”) began in 1914 as Travelers Aid San Francisco and was established to help newcomers to San Francisco. Over the past 107 years, the mission evolved to what it is today – helping San Francisco families that are homeless or at risk of homelessness to achieve housing stability, economic self-sufficiency and well-being. Each year, we help more than 6,500 parents and children in need.

The description of each of Compass’ programs is summarized as follows:

*Compass Family Shelter* – offers families facing homelessness a safe, temporary place to stay and offers services designed to help families to secure and maintain permanent housing.

*Compass Children’s Center* – a nationally accredited enriched early childhood education center with a curriculum focused on the social and emotional development for children ages 0-5 years that are from homeless and extremely low-income families.

*Compass Clara House* – an 18-24 month transitional housing program where families live in private apartments and receive intensive wrap-around support.

*Compass SF HOME* – promotes long-term housing stability through housing search assistance, rental subsidies, and case management.

*Compass Behavioral Health Services* – offers confidential emotional support and therapy for families who are experiencing homelessness, at risk of homelessness, newly housed, or engaged in any Compass program.

*Central City Access Point* – entry point for families experiencing or at risk of homelessness. Provides problem solving, assessment of eligibility for shelter and housing programs, and placement into available shelter and housing.

*Compass Family Resource Center* – offers a comprehensive set of trauma-informed services that support family well-being, including support groups, housing search and workforce development.

*Compass Childcare Support Services* – helps parents access early care and education programs for their children.

*C-RENT* – Provides homelessness prevention support by paying back rent and move-in costs for eligible clients as well as providing housing search support.

*Compass Permanent Supportive Housing at the Margot (Compass 1321 Mission the Margot)* – Provides supportive services and onsite children’s programming for families housed at the Margot.

# Compass Family Services

## Notes to Consolidated Financial Statements

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting and financial statement presentation** – The consolidated financial statements of Compass have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) applicable to nonprofit organizations. Accordingly, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

- *Net assets without donor restrictions* – net assets not subject to donor-imposed stipulations. At June 30, 2022 and 2021, there were no board designated net assets.
- *Net assets with donor restrictions* – net assets subject to donor-imposed stipulations that may or will be met, either by actions of Compass and/or the passage of time or held in perpetuity by donor-imposed stipulations, for which the income from these contributions is available to support the activities of Compass as designated by the donor.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment income and gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of net assets with donor restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Principles of consolidation** – In 2018, Compass Family Services established Compass QALICB (“QALICB”) as a not-for-profit organization for the purpose of obtaining funding through the New Market Tax Credit (“NMTC”) program, a program of the Community Development Financial Institutions Fund, a division of the U.S. Department of Treasury. The consolidated financial statements reflect the accounts of Compass Family Services and Compass QALICB, collectively “Compass”. All inter-entity transactions and balances have been eliminated.

**Use of estimates** – The preparation of consolidated financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

**Revenue recognition** – Contributions received to give are reported as net assets without donor restrictions or net assets with donor restrictions, depending on donor restrictions (if any).

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions are shown as restricted support and revenues if they are subject to time or donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both.

## Compass Family Services Notes to Consolidated Financial Statements

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Grant arrangements have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution – when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with the grant are determined to be allowable and all other significant conditions of the grant are met.

Contributed services are stated at their estimated fair value if they are ordinarily purchased and are of a specialized nature.

Special event revenue is recorded as deferred revenue until the month of the event.

Donations to Compass' Adopt-A-Family program are considered contributions because Compass has discretion over which families receive the contribution. The Adopt-A-Family program generated approximately \$353,760 and \$430,820 in gifts contributed to families during the years ended June 30, 2022 and 2021, and is recognized in the consolidated financial statements of activities and changes in net assets as contributions and expenses.

Gains and losses on investments of endowment funds created by a board designation of undesignated funds are classified as changes in net assets without donor restrictions. In the absence of donor stipulations or law to the contrary, gains and losses on the investments of a donor restricted endowment fund are included in net assets with donor restrictions. Investment income and gains and losses on investments are reported net of expenses.

**Donated services and in-kind contributions** – Compass receives goods and services, which are donated for carrying out its mission. Contributed goods are recorded at fair value at the date of donation. Donated services are recorded at the respective fair values of the services received in the consolidated statement of activities and changes in net assets.

**Cash and cash equivalents** – Cash is defined as cash in demand deposit accounts as well as cash on hand. Compass does not include as cash funds that are restricted as to their use, regardless of liquidity, such as resident deposits, replacement reserves and operating reserves.

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. Generally, money market accounts and investments with original maturities of three months or less qualify as cash equivalents.

**Restricted cash** – Restricted cash consists of cash restricted for programs and is deposited into a separate cash account. Amounts are periodically transferred to the unrestricted cash account based upon allowable program expenditures. Restricted cash also consists cash restricted for other operational purposes and for QALICB in the amount of \$270,515 and \$515,341 at June 30, 2022 and June 30, 2021, respectively.

**Concentration of risk** – Financial instruments that potentially subject Compass to concentrations of credit risk consist principally of uninsured cash balances.

Compass maintains cash balances and investment accounts at various financial institutions, which are Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insured up to the limits allowed by law. At times such balances may exceed the insurance limit. The Organization has not experienced any losses in such accounts, and management believes Compass is not exposed to any significant credit risk related to cash and investments.

## Compass Family Services

### Notes to Consolidated Financial Statements

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**Receivables** – Receivables are stated at the amount management expects to collect from outstanding balances. Unconditional contributions receivable are reported at fair value and recorded in the period received. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved and the period of time over which the contributions are expected to be collected. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. There were no discounts recorded at June 30, 2022 and 2021.

An allowance for doubtful accounts is provided based upon management's judgment, past experiences and other circumstances. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. At June 30, 2022, the allowance for doubtful accounts totaled \$275,000. There is no allowance for doubtful accounts at June 30, 2021, as management has determined all outstanding balances to be collectible.

At June 30, 2022 and 2021, management expects all government grants receivable and contributions receivable to be collectible within one year.

**Client funds held in trusts** – Certain cash accounts are maintained for clients. Compass holds these client funds in trust in separate bank accounts. A corresponding liability is included in the consolidated statements of financial position to reflect these assets are held in trust for clients.

**Fair value measurements** – Generally accepted accounting principles establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of Compass. Unobservable inputs, if any, reflects Compass' assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that Compass has the ability to access at measurement date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2** – Valuations based on significant inputs that are observable, either directly or indirectly, or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current, or price quotations vary substantially either over time or among market makers.

**Level 3** – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

## Compass Family Services Notes to Consolidated Financial Statements

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The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

**Property, equipment and leasehold improvements** – Property and equipment are stated at cost of acquisition or fair value if donated. Leasehold improvements are stated at cost of construction. The cost of maintenance and repairs is charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and improvements	15 to 40 years
Leasehold improvements	20 years or life of lease*
Furniture and equipment	5 years

\* Whichever is shorter

**Impairment of long-lived assets** – The long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of that asset. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carry value exceeds the fair value. There was no impairment of long-lived assets for the years ended June 30, 2022 and 2021.

**Satisfaction of restrictions on long-lived assets** – Contributions received for the acquisition of long-lived assets where the donor explicitly imposes stipulations on the use of the long-lived assets are recognized as net assets with donor restrictions. The donor-imposed restrictions are released over the restriction period.

When the donor does not explicitly impose stipulations on the use of long-lived assets, the placed-in-service approach is used, and the contribution is recognized as net assets without donor restrictions.

**Debt issuance costs** – Compass has capitalized the related costs incurred in connection with its debt offerings which consisted primarily of underwriter's costs, letter of credit fees and costs, trustee and tender agent fees, attorney's fees and other miscellaneous costs of delivery. These costs are recorded net of the related debt and amortized using the straight-line method, equal to the terms of the related debt.

**Functional expense allocation** – The costs of providing various programs and supporting activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## Compass Family Services

### Notes to Consolidated Financial Statements

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At June 30 2022 and 2021, QALICB expenses of \$525,312 and \$523,952, respectively, were included in management and general expenses in the consolidated statements of functional expenses.

Direct identification of specific expenses is Compass' preferable method of charging expenses to various functions. Compass has a number of expenses which relate to more than one program or supporting services, or to a combination of programs and supporting services. Expenses are allocated using an allocation methodology based on estimates of employees' time incurred and on usage of resources.

**Income taxes** – Compass is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Taxation Code, respectively. Compass recognizes the effect of income tax positions only if those positions are more likely than not of being sustained and changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Compass has evaluated its current tax positions and has concluded that as of June 30, 2022 and 2021, it does not have any significant tax positions for which a reserve would be necessary.

**Compensated absences** – Eligible employees can accrue personal leave credits (accrued vacation) every month but the total accrual cannot exceed 270 work hours. The amount of accrued vacation as of June 30, 2022 and 2021, was \$501,958 and \$544,459 and is included in accounts payable and accrued expenses in the consolidated statements of financial position.

**Reclassifications** – Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements.

**New accounting pronouncements** – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which increases transparency and comparability among entities by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. The effective date of ASU 2016-02 for Compass was deferred by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to fiscal years beginning after December 15, 2021. These ASUs are effective for Compass for the year ending June 30, 2023. Management is currently evaluating the impact of the provisions of these ASUs on the consolidated financial statements.

**Recently adopted accounting pronouncements** – In September 2020, the FASB issued ASU No. 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization's programs and other activities. ASU 2020-07 is effective for Compass for the year ending June 30, 2022. Adoption of this standard did not have a material impact on the consolidated financial statements. See Note 14 for disclosures related to contributions of nonfinancial assets.

**Compass Family Services**  
**Notes to Consolidated Financial Statements**

**NOTE 3 – RESTRICTED DEPOSITS**

**Replacement reserve** – Compass is required to maintain a reserve for replacement and repair of property and equipment of Compass Clara House in accordance with a grant agreement. The reserve is required to be funded in the annual amount of \$9,504, for a total amount of approximately \$247,104 as of June 30, 2022. The excess reserve of \$163,806 is held in the reserve account, based on management’s discretion.

Compass’ established a reserve for replacement and repair of property and equipment for the Compass Children’s Center building. There are no additional external funding requirements. The \$422,102 reserve balance is included within total investments.

Changes in the replacement reserve accounts are as follows for the years ended June 30, 2022 and 2021:

	2022		
	Compass Clara House	Compass Children's Center	Total
Balance, beginning of year	\$ 361,243	\$ 26,692	\$ 387,935
Deposits	49,504	464,832	514,336
Dividend/interest received	163	7,951	8,114
Realized/unrealized gain	-	(77,373)	(77,373)
	<u>\$ 410,910</u>	<u>\$ 422,102</u>	<u>\$ 833,012</u>
	2021		
	Compass Clara House	Compass Children's Center	Total
Balance, beginning of year	\$ 311,636	\$ 23,174	\$ 334,810
Deposits	49,504	-	49,504
Dividend/interest received	103	493	596
Realized/unrealized gain	-	3,025	3,025
	<u>\$ 361,243</u>	<u>\$ 26,692</u>	<u>\$ 387,935</u>

**Operating reserve** – Compass is required to maintain an operating reserve for Compass Clara House in accordance with grant requirements. The reserve must be funded in an annual amount equal to 4% of annual operating expenses. Further reserve deposits are not required if the balance in the reserve exceeds \$83,000.

In accordance with provisions of the agreements and management’s discretion, restricted cash is held in separate bank accounts.

## Compass Family Services

### Notes to Consolidated Financial Statements

Changes in the operating reserve accounts are as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 83,207	\$ 83,182
Dividend/interest received	<u>36</u>	<u>25</u>
Balance, end of year	<u>\$ 83,243</u>	<u>\$ 83,207</u>

#### NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivable in one year or less	<u>\$ 1,370,229</u>	<u>\$ 721,605</u>

Unconditional promises to give, which are not expected to be collected until after the year promised, are reflected in the accompanying consolidated financial statements as contributions receivable and revenue in the appropriate net asset category.

#### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following, at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Non-depreciable:		
Land	\$ 6,288,000	\$ 6,288,000
Construction in progress	<u>42,588</u>	<u>6,435</u>
Depreciable:		
Building	14,318,053	14,297,993
Building improvements	1,019,744	993,664
Furniture and equipment	850,454	788,668
Leasehold improvements	<u>1,000,220</u>	<u>1,000,220</u>
Total property, equipment and leasehold improvements	23,519,059	23,374,980
Accumulated depreciation	<u>(5,811,376)</u>	<u>(5,296,127)</u>
Total property, equipment and leasehold improvements, net	<u>\$ 17,707,683</u>	<u>\$ 18,078,853</u>

Depreciation expenses for the year ended June 30, 2022 and 2021, was \$515,255 and \$570,422.

## Compass Family Services Notes to Consolidated Financial Statements

In June 2018, Compass arranged NMTC financing as partial funding to acquire and rehabilitate a facility located at 37 Grove Street. The NMTC financing closed on June 28, 2018, and proceeds from the financing were deposited into an escrow account. On August 31, 2018, Compass closed on the purchase of 37 Grove Street at a purchase price of \$9,500,000. The 37 Grove Street property is held by Compass QALICB and leased to Compass Family Services.

### NOTE 6 – INVESTMENTS

Investments and endowment investments consist of the following, at June 30, 2022 and 2021:

	2022	2021
Equity securities	\$ 12,965	\$ 101,198
Bond mutual funds	3,067,691	731,251
Exchange traded funds	873,588	340,927
Equity mutual funds	815,277	382,508
	<u>\$ 4,769,521</u>	<u>\$ 1,555,884</u>

The following table sets forth by level, within the fair value hierarchy, the Compass's assets at fair value as of June 30, 2022 and 2021:

	2022			Fair Value
	Level 1	Level 2	Level 3	
Equity securities	\$ 12,965	\$ -	\$ -	\$ 12,965
Bond mutual funds	3,067,691	-	-	3,067,691
Exchange traded funds	873,588	-	-	873,588
Equity mutual funds	815,277	-	-	815,277
	<u>\$ 4,769,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,769,521</u>
	2021			
	Level 1	Level 2	Level 3	Fair Value
Equity securities	\$ 101,198	\$ -	\$ -	\$ 101,198
Bond mutual funds	731,251	-	-	\$ 731,251
Exchange traded funds	340,927	-	-	340,927
Equity mutual funds	382,508	-	-	382,508
	<u>1,555,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,555,884</u>

## Compass Family Services

### Notes to Consolidated Financial Statements

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#### NOTE 7 – LINE OF CREDIT

Compass has a \$400,000 revolving line of credit. Bank advances on the line of credit carry an interest rate at 5.50% per annum. The line of credit is secured by all property owned by Compass and matured on April 10, 2022. There was no outstanding balance on the line of credit at June 30, 2022 and 2021. In September 2022, the line of credit was increased from \$400,000 to \$800,000 and carries an interest rate of 5.50% per annum. The line of credit is secured by all property owned by Compass and matures on April 10, 2023.

#### NOTE 8 – NEW MARKET TAX CREDITS

In June 2018, Compass arranged NMTC financing as partial funding to acquire and rehabilitate the facility located at 37 Grove Street, San Francisco, California. NMTC is a program of the Community Development Financial Institutions Fund (“CDFI”), a division of the U.S. Department of the Treasury. Under the NMTC program, banks and other qualifying institutions make “qualified equity investments” (“QEI”) in Community Development Entities (“CDEs”) that have been certified and granted allocations by the CDFI of federal income tax credits. The funds provided by these investors are used as a means of providing favorable debt or equity financing to qualified borrowers in connection with qualifying projects located in low-income communities. The QEI cannot be redeemed for a minimum term of seven years (“Compliance Period”) during which time substantially all of the QEI must be invested in qualified low income community investments, the majority of which take the form of investments in borrowers that must maintain their status as a “qualified active low income business” as specified in the Treasury Regulations.

In connection with the purchase and rehabilitation of 37 Grove Street (“37 Grove”), LCD New Markets Fund XXVI, LLC (“LCD CDE”), a single purpose CDE certified by the CDFI, made a senior Qualified Low Income Community Investment (QLICI) loan in the amount of \$9,437,320 (Loan A1) and a subordinate loan in the amount of \$4,194,680 (Loan B1) and Chase New Markets Corporation (“CNMC CDE”), a single purpose CDE certified by the CDFI, made a senior loan in the amount of \$996,900 (Loan A2) and a subordinate loan in the amount of \$503,100 (Loan B2) to Compass QALICB. All loans are secured by trust deeds on the 37 Grove Street property and are payable interest only for the compliance period, after which each amortizes in level payments over the balance of its thirty-seven-year term.

Funding for the 37 Grove loans was provided by a \$15,700,000 QEI made by Chase NMTC Compass Investment Fund, LLC (“Investment Fund”) to LCD CDE and CNMC CDE. Investment Fund obtained the funds to make the QEI via \$10,434,220 in secured loans by Compass Family Services and funding provided via a net equity investment in the amount of \$2,417,069. A portion of the proceeds of the loans were used to acquire the 37 Grove Street property which closed in August 2018. The remaining balance of the funds was used to renovate and improve the property.

At the end of the seven-year Compliance period, the tax credit investor, Chase NMTC, may sell its interest in the Investment Fund to Compass QALICB through a put/call agreement for \$1,000. As the sole owner of the Investment Fund, Compass QALICB can direct the CDEs to liquidate and distribute their QLICI loans to the Investment Fund, and as owner of the Investment Fund, Compass QALICB can elect to forgive Loan B1 and Loan B2, which corresponds to the NMTC Tax Credit equity provided by Chase NMTC.

## Compass Family Services Notes to Consolidated Financial Statements

Under the NMTC program, taxpayers receive a 39% tax credit on QEIs that are made in a CDE. In Revenue Ruling 2003-20, the Internal Revenue Service ruled that a taxpayer is permitted to borrow money to make an investment in a CDE. Compass Family Services, serving as the Leverage Lender, loaned \$10,434,220 to Investment Fund. The loan proceeds were combined with \$5,265,780 contributed to the Investment Fund by an equity investor and permitted Investment Fund to make an aggregate QEI of \$15,700,000. The loan bears an interest rate of 1.98%, with payments starting on June 28, 2025 and maturing on June 28, 2053.

In accordance with the Indemnification Agreement, in the event of a Specified NMTC Recapture Event, Compass Family Services and Compass QALICB are liable to pay the NMTC Recapture Amount, as specified in the Indemnification Agreement. A Specified NMTC Recapture Event means a recapture or disallowance of any tax credits attributable to a QEI made by the Investment Fund, as a result of various occurrences, and failure to Compass QALICB to satisfy specified compliance requirements.

### NOTE 9 – NOTES PAYABLE – NMTC

Compass entered into an agreement with a qualified CDE to borrow \$15,132,000, secured by Compass' real property in San Francisco, California. The borrowing is comprised of four notes, QLICI Loan A1, QLICI Loan B1, QLICI Loan A2 and QLICI Loan B2, which bear interest at 1.37% per annum. Interest only payments are made on a quarterly basis through September 2025, at which point in time interest and principal payments will commence with full repayment of the notes payable in June 2055.

At June 30, 2022 and 2021, notes payable – NMTC are detailed as follows:

	2022	2021
QLICI Loan A1	\$ 9,437,320	\$ 9,437,320
QLICI Loan B1	4,194,680	4,194,680
QLICI Loan A2	996,900	996,900
QLICI Loan B2	503,100	503,100
	15,132,000	15,132,000
Less unamortized debt issuance costs	(455,025)	(468,814)
	\$ 14,676,975	\$ 14,663,186

# Compass Family Services

## Notes to Consolidated Financial Statements

Future maturities of the loan payable at June 30, 2022, are as follows:

<u>Years ending June 30,</u>	
2023	\$ -
2024	-
2025	2,492,807
2026	342,936
2027	347,669
2028 - 2032	1,811,674
2033 - 2037	1,940,214
2038 - 2042	2,077,875
2043 - 2047	2,225,303
2048 - 2052	2,383,192
2053 - 2055	1,510,330
	<u>\$ 15,132,000</u>

### NOTE 10 – LOANS PAYABLE

**Paycheck protection program loan** – In April 2020, Compass was granted an unsecured loan under the Paycheck Protection Program (“PPP”) offered by the U.S Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), section 7(a)(36) of the Small Business Act for \$1,364,972. The loan bore interest at 1% with no payments due for the first six months and the loan matured in April 2022. The loan was subject to partial or full forgiveness if Compass used all proceeds for eligible purposes; maintained certain employment levels; and maintained certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. It is Compass’ policy to account for this loan in accordance with FASB ASC 470, *Debt*, with interest accrued and expensed over the term of the loan, or until forgiveness was granted, releasing Compass from being the primary obligor. In August 2021, the SBA granted full forgiveness of Compass’ PPP loan of \$1,364,972. As a result, Compass was released from being the primary obligor and the promissory note is considered paid in full, along with any accrued interest. The gain on forgiveness of the PPP loan was recognized in the consolidated statement of activities and changes in net assets as of June 30, 2022.

**PG&E Retrofit loan** – Compass entered into the Energy Efficiency Retrofit Loan Program with Pacific Gas and Electric Company (“PG&E”). The loans are issued under the program are interest-free, unsecured loans to reimburse PG&E customers for the cost they incur in connection with a qualified retrofit project.

At June 30, 2022 and 2021, loans payable are detailed as follows:

	2022	2021
Paycheck Protection Program loan payable	\$ -	\$ 1,364,972
PG&E Retrofit loan payable	18,926	23,469
	<u>\$ 18,926</u>	<u>\$ 1,388,441</u>

**Compass Family Services**  
**Notes to Consolidated Financial Statements**

The future maturity of the loan payable are as follows:

Years ending June 30,

2023	<u><u>\$ 18,926</u></u>
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**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Compass Family Shelter	\$ 12,510	\$ 33,410
Compass Children's Center	1,237,152	646,164
Compass SF Home	-	217,719
Compass Clara House	212,085	-
C-RENT	35,724	-
Central City Access Point	30,538	30,539
Compass Family Resource Center	332,398	344,228
Compass Childcare Support Services	2,700	2,300
Compass Behavioral Services	646,407	520,670
Cross-program support	868,410	470,894
Building - Compass Clara House	909,373	953,410
Building - Compass Children's Center	270,000	283,500
Donor-restricted endowment funds corpus	83,750	83,750
Unappropriated endowment earnings	422,181	509,507
	<u><u>\$ 5,063,228</u></u>	<u><u>\$ 4,096,091</u></u>

## Compass Family Services Notes to Consolidated Financial Statements

Net assets with donor restrictions released from restriction during June 30, 2022 and 2021, were as follows:

	2022	2021
Compass Family Shelter	\$ 25,232	\$ 33,710
Compass Children's Center	540,377	954,374
Compass Clara House	102,696	68,529
Compass SF Home	7,730	34,299
C-RENT	260,229	-
Compass Behavioral Services	594,397	522,587
Central City Access Point	2,375	1,054
Compass Family Resource Center	201,212	133,678
Compass Childcare Support Services	5,935	5,357
Cross-program support	1,026,115	1,629,100
Building - Compass Clara House	44,036	44,036
Building - Compass Children's Center	13,500	13,500
	<u>\$ 2,823,834</u>	<u>\$ 3,440,224</u>

All net assets with donor restrictions for program services, except for endowment corpus and related earnings, are expected to be released from restrictions in the next one to two years.

### NOTE 12 – ENDOWMENT FUNDS

Compass' endowment consists of three individual funds, established for the purpose of providing a permanent endowment for the organization. As required by the generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of relevant law** – The board of directors of Compass has interpreted the California enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gifts as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Compass classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Amounts are classified as net assets with donor restrictions until Compass' board of directors appropriates amounts for expenditure and any purpose restrictions have been met, in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Compass considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions

# Compass Family Services

## Notes to Consolidated Financial Statements

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- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Compass
- (7) The investment policies of Compass

**Funds with deficiencies** – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Compass to retain as a fund of perpetual duration. At June 30, 2022 and 2021, there were no such deficiencies.

**Return objectives and risk parameters** – The Endowment Account is intended to accumulate as much principal as possible, with the eventual goal of helping to support Compass' on-going operations while leaving the accumulated principal intact. Given this objective, investments assume a moderate degree of risk with diversification among different asset classes as a means of reducing risk. The Endowment Account can and will tolerate some variability in market value and rates of return in order to achieve a greater long-term rate of return. A long-term approach is taken to the management of the investment portfolio, but this does not mean the portfolio should be exposed to levels of volatility that might adversely affect the value of the Account's assets.

**Strategies employed for achieving objectives** – To meet the return objectives and risk parameters, guidelines for the management of the Endowment Account have been established.

Asset allocation ranges are set for the various asset classes: stocks and stock funds (18 to 36%), bonds and bond funds (0 – 40%), and other income-oriented and liquid alternatives (0 to 15%). Endowment investments do not include illiquid assets, such as real estate, and acceptable and unacceptable investments for each asset class have been established.

The purpose of each asset class investment is defined. The stock fund primarily provides appreciation of principal, the bond fund provides a predictable source of income and reduces the variability of the total endowment portfolio, other income-oriented investments provide higher income yields, and cash provides liquidity and maintains the principal. Each asset class has an objective to meet or exceed the returns of an appropriate index fund, while not exceeding the risk of the specified benchmark.

**Spending policy** – At this time, Compass' policy is to reinvest all earnings; withdrawals are not permitted. When the Endowment Account reaches a pre-determined level that will generate sufficient earnings, Compass' board of directors will determine the amount that will be used to help fund Compass' annual operations. The spending of earnings will be limited to the annual earnings of the portfolio and will not exceed seven percent (7%) of the fair value of the endowment fund. The fair value of the endowment fund will be calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three (3) years immediately preceding the year in which the appropriation for expenditure is made.

## Compass Family Services

### Notes to Consolidated Financial Statements

**Endowment composition** – Endowment net asset composition by type of fund as of June 30, 2022 and 2021, is as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 505,931	\$ 505,931
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 590,201	\$ 590,201

Changes in endowment net assets for the fiscal year ended June 30, 2022 and 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2020	\$ -	\$ 479,600	\$ 479,600
Investment return			
Investment income, net	-	6,439	6,439
Total investment return	-	6,439	6,439
Realized and unrealized gain	-	104,162	104,162
	-	110,601	110,601
Balance, June 30, 2021	-	590,201	590,201
Investment return			
Investment income, net	-	10,797	10,797
Total investment return	-	10,797	10,797
Realized and unrealized loss	-	(95,067)	(95,067)
	-	(84,270)	(84,270)
Balance, June 30, 2022	\$ -	\$ 505,931	\$ 505,931

#### NOTE 13 – RETIREMENT PLAN

Compass has established a Defined Contribution Pension Plan (the “Plan”) for the benefit of its employees. Employees must have one year of service and have attained the age of 21 before they can participate in the Plan. Employee retirement accounts are fully vested after five years of service. Compass contributes 5% of eligible employees’ monthly compensation and during the years ended June 30, 2022 and 2021, contributed \$267,576 and \$279,276 to the Plan.

**Compass Family Services**  
**Notes to Consolidated Financial Statements**

**NOTE 14 – CONTRIBUTIONS OF NONFINANCIAL ASSETS**

Contributions of nonfinancial assets for the years ended June 30, 2022 and 2021, included in the consolidated financial statements were as follows:

	2022	2021
In-kind contributions of materials and supplies	\$ 596,877	\$ 579,741
Contributed services	181,954	169,733
	\$ 778,831	\$ 749,474

Compass values materials, supplies and services received at fair value based on prices of equal or comparable goods or services on the date received. These include the following:

	2022	2021
Holiday gifts	\$ 353,760	\$ 162,000
Basic needs	225,117	413,661
Professional services	181,954	131,701
Other	18,000	42,112
	\$ 778,831	\$ 749,474

Annual holiday gifts – Gifts purchased for Compass families through Compass’ Adopt-A-Family program. This annual holiday program pairs specific individual donors or groups of donors with specific families who are homeless or at imminent risk and lack the resources to buy holiday gifts. Holiday gifts are valued at an estimated cost of \$165 and \$150 per person within each family for 2022 and 2021, respectively. The value for goods are based on the cost of the goods donated.

Basic needs – Contributed new or gently used items were utilized to help meet the basic needs of Compass families, including hygiene kits, diapers, backpacks with school supplies, strollers, toys and games, food, and gift cards. The value for goods are based on the cost of the goods donated.

Professional services – Contributed services are comprised of professional services from attorneys advising Compass on various administrative legal matters. These services are valued at the estimated fair value based on current billing rates from the contributing attorneys for these services.

Other – are comprised of other materials and supplies received.

Holiday gifts purchased for Compass’ Adopt-A-Family program were restricted to providing specific families these gifts. There were no other donor restrictions associated with the contributions of materials and supplies for the years ended June 30, 2022 and 2021. There were no materials or supplies monetized for the years ended June 30, 2022 and 2021.

## Compass Family Services

### Notes to Consolidated Financial Statements

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#### NOTE 15 – COMMITMENTS AND CONTINGENCIES

**Operating leases** – Compass leases space for its administrative and program offices, and family shelter. Compass holds a lease for administrative offices that it sublets to another nonprofit organization, as described below, that runs through April, 2023. Compass recognizes rent expense on a straight-line basis. Compass' three-year lease for its family shelter ended June 2013, with an option to extend the initial period for seventeen separate one-year periods. This lease is currently extended through June 2023. Compass also leases copiers with lease terms running through June 2026, with monthly rent expense ranging from \$55 to \$2,070.

Compass QALICB closed the purchase of the building in September 2018, and leased to Compass for 25 years with initial annual base rent of \$77,083, and increases annually up to \$835,000 in the final year of the lease. Lease between Compass QALICB and Compass is eliminated at the consolidation level and the future minimum lease payments disclosed below do not include lease payments associated with the 37 Grove Street property.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Years ending June 30,</u>	
2023	\$ 107,600
2024	25,200
2025	25,200
2026	14,700
	<hr/>
	\$ 172,700
	<hr/> <hr/>

In July 2018, Compass entered into a sublease agreement for its administrative offices. The sublease requires monthly payments of \$10,667 through April 2023.

The schedule minimum sub-lease payments under lease terms are as follows:

<u>Year ending June 30,</u>	
2023	\$ 106,670
	<hr/> <hr/>

**Restrictions on use of property** – Compass received grant funding amounting to \$1,985,243 in prior years for the development of Compass Clara House, and received an additional development grant \$115,000. The terms of the agreements have placed certain restrictions on the use and disposition of the property for a period of fifty years. A portion of these grants may have to be repaid should there be any violation in the restrictions. Restrictions on such grants apply for ten years after the estimated useful life of the property, and are amortized using the method of accounting stated in Note 2. Total amount amortized was \$44,036 in 2022 and 2021.

During the years ended June 30, 2002 and 2001, Compass received grants of \$135,000 from Low Income Investment Fund and \$405,000 from U.S. Department of Housing and Urban Development (“HUD”), respectively, for the development of the Compass Children’s Center building. These grants have long-term restrictions, and these restrictions will be amortized using the method of accounting stated in Note 2. Total amount amortized was \$13,500 in 2022 and 2021.

## Compass Family Services Notes to Consolidated Financial Statements

### NOTE 16 – LIQUIDITY AND FUNDS AVAILABLE

As part of Compass' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, Compass has cash and cash equivalents, government grants receivable, contributions receivable and investments available.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2022 and 2021, to fund general expenditures and other obligations as they become due:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 4,307,336	\$ 4,698,859
Government grants receivable	2,067,647	2,495,401
Contributions receivable, net - current portion	1,370,229	721,605
Investments - current portion	3,841,488	938,990
	11,586,700	8,854,855
Less: amounts unavailable for general expenditures within one year, due to:		
Donor restrictions	(1,029,043)	(386,599)
Total funds available for general expenditures within one year	\$ 10,557,657	\$ 8,468,256

Compass has financial assets available at June 30, 2022 and 2021, to cover approximately 212 and 193 days of operating expenses based on the fiscal year 2022 and 2021 budget, respectively. The fiscal year 2022 and 2021 budget includes operating expenses that will be covered with donor restricted funds as the restrictions are met. Depending on the restriction, donor restricted funds may be used within one year.

In the event of an unanticipated liquidity need, Compass may draw upon its \$800,000 available line of credit. See Note 7 for further description of the line of credit.

### NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statements of financial position date but before the consolidated financial statements are available to be issued. Compass recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statements of financial position including estimates inherent in the process of preparing consolidated financial statements. Compass' consolidated financial statements do not recognize subsequent events that provide additional evidence about conditions that did not exist at the date of the consolidated statements of financial position but arose after the statements of financial position date before the consolidated financial statements were available to be issued.

As noted in Note 7 to the consolidated financial statements, in September 2022, the line of credit was increased from \$400,000 to \$800,000 and carries an interest rate of 5.50% per annum. The line of credit is secured by all property owned by Compass and matures on April 10, 2023.

## **Compass Family Services**

### **Notes to Consolidated Financial Statements**

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Compass has evaluated subsequent events through December 13, 2022, which is the date the consolidated financial statements were available to be issued.

## **Supplementary Information**

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**Compass Family Services**  
**Consolidating Statement of Financial Position**  
**June 30, 2022**

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,052,698	\$ 254,638	\$ -	\$ 4,307,336
Restricted cash	3,059,327	270,010	-	3,329,337
Government grants receivable	2,067,647	-	-	2,067,647
Contributions receivable, net	1,370,229	-	-	1,370,229
Deferred rent	-	1,817,449	(1,817,449)	-
Prepaid expenses and other assets	127,602	4,068	(38,478)	93,192
Investments	3,841,488	-	-	3,841,488
Client funds held in trust, current portion	2,709	-	-	2,709
Total current assets	<u>14,521,700</u>	<u>2,346,165</u>	<u>(1,855,927)</u>	<u>15,011,938</u>
Noncurrent assets				
Replacement reserves	833,012	-	-	833,012
Operating reserve	83,243	-	-	83,243
Client funds held in trust, net of current portion	17,320	-	-	17,320
NMTC leverage loan receivable	10,434,220	-	-	10,434,220
Endowment investments	505,931	-	-	505,931
Property, equipment and leasehold improvements, net	4,171,885	13,535,798	-	17,707,683
Total noncurrent assets	<u>16,045,611</u>	<u>13,535,798</u>	<u>-</u>	<u>29,581,409</u>
Total assets	<u>\$ 30,567,311</u>	<u>\$ 15,881,963</u>	<u>\$ (1,855,927)</u>	<u>\$ 44,593,347</u>

**Compass Family Services**  
**Consolidating Statement of Financial Position (continued)**  
**For the Year Ended June 30, 2022**

	June 30, 2022			
	Compass Family Services	Compass QALICB	Eliminating Entries	Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 3,029,654	\$ -	\$ (1,817,449)	\$ 1,212,205
Deferred revenue	114,349	-	-	114,349
Client funds held in trust, current portion	2,709	-	-	2,709
Loan payable, current portion	18,926	-	-	18,926
Due to Compass Family Services	-	38,478	(38,478)	-
<b>Total current liabilities</b>	<b>3,165,638</b>	<b>38,478</b>	<b>(1,855,927)</b>	<b>1,348,189</b>
<b>Non-current liabilities</b>				
Client funds held in trust, net of current portion	17,320	-	-	17,320
Notes payable - NMTC	-	14,676,975	-	14,676,975
<b>Total non-current liabilities</b>	<b>17,320</b>	<b>14,676,975</b>	<b>-</b>	<b>14,694,295</b>
<b>Total liabilities</b>	<b>3,182,958</b>	<b>14,715,453</b>	<b>(1,855,927)</b>	<b>16,042,484</b>
<b>Net assets</b>				
Without donor restrictions	22,321,125	1,166,510	-	23,487,635
With donor restrictions	5,063,228	-	-	5,063,228
<b>Total net assets</b>	<b>27,384,353</b>	<b>1,166,510</b>	<b>-</b>	<b>28,550,863</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,567,311</b>	<b>\$ 15,881,963</b>	<b>\$ (1,855,927)</b>	<b>\$ 44,593,347</b>

**Compass Family Services**  
**Consolidating Schedule of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2022**

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
Revenues, gains, and other support				
Government grants	\$ 12,576,072	\$ -	\$ -	\$ 12,576,072
Contributions	7,362,409	4,068	-	7,366,477
Contributed services	181,954	-	-	181,954
Special events	681,107	-	-	681,107
In-kind contributions	596,877	-	-	596,877
Program service fees	29,452	-	-	29,452
Interest and investment income	73,712	30	-	73,742
Realized and unrealized losses on investments	(561,608)	-	-	(561,608)
Rental income	-	656,964	(656,964)	-
Other income	153,454	-	-	153,454
Gain on forgiveness of the Paycheck Protection Program loan	1,364,972	-	-	1,364,972
NMTC leverage loan interest	207,109	-	-	207,109
	<u>22,665,510</u>	<u>661,062</u>	<u>(656,964)</u>	<u>22,669,608</u>
Total revenues, gains, and other support				
Expenses				
Compass Family Shelter	1,130,720	-	-	1,130,720
Compass Children's Center	2,697,421	-	-	2,697,421
Compass SF Home	3,672,052	-	(107,599)	3,564,453
Compass Clara House	1,420,879	-	-	1,420,879
Compass C-RENT	1,020,132	-	(34,994)	985,138
Central City Access Point	1,196,943	-	(124,525)	1,072,418
Compass Family Resource Center	1,108,519	-	(114,545)	993,974
Compass Childcare Support Services	757,630	-	(61,011)	696,619
Compass 1321 Mission the Margot	57,405	-	-	57,405
Compass Behavioral Services	1,922,458	-	(109,850)	1,812,608
Management and general	2,310,539	525,312	(55,095)	2,780,756
Fundraising	1,527,455	-	(49,345)	1,478,110
	<u>18,822,153</u>	<u>525,312</u>	<u>(656,964)</u>	<u>18,690,501</u>
Total expenses				
Change in net assets	3,843,357	135,750	-	3,979,107
Net assets, beginning of year	23,540,996	1,030,760	-	24,571,756
Net assets, end of year	<u>\$ 27,384,353</u>	<u>\$ 1,166,510</u>	<u>\$ -</u>	<u>\$ 28,550,863</u>

**Compass Family Services**  
**Statements of Cash Flows for Compass QALICB**  
**For the Years Ended June 30, 2022 and 2021**

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 135,750	\$ 156,113
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	239,339	238,449
Changes in operating assets and liabilities		
Prepaid expense and other assets	(4,068)	-
Due to Compass Family Services	(45,592)	13,194
Deferred rent	(446,964)	(469,881)
Net cash used in operating activities	(121,535)	(62,125)
Cash flows from investing activities		
Purchase of property, equipment, and leasehold improvements	(28,651)	(3,866)
Net cash used in investing activities	(28,651)	(3,866)
Net decrease in cash, cash equivalents, and restricted cash	(150,186)	(65,991)
Cash, cash equivalents, and restricted cash, beginning of year	674,834	740,825
Cash, cash equivalents, and restricted cash, end of year	\$ 524,648	\$ 674,834
Cash, cash equivalents, and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 254,638	\$ 159,493
Restricted cash - QALICB	270,010	515,341
	\$ 524,648	\$ 674,834

## **Single Audit Reports and Schedules**

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## **Report of Independent Auditors 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***

The Board of Directors  
Compass Family Services (a California nonprofit public benefit corporation)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Compass Family Services (“Compass”), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 13, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Compass Family Services’ internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Compass Family Services’ internal control. Accordingly, we do not express an opinion on the effectiveness of Compass Family Services’ internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Compass Family Services' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings questioned costs as item 2022-002.

## **Compass' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Compass' response to the findings identified in our audit and described in the accompanying schedule of findings questioned costs. Compass' response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Francisco, California  
December 13, 2022

# **Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Directors  
Compass Family Services (a California nonprofit public benefit corporation)

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

### ***Opinion on Each Major Federal Program***

We have audited Compass Family Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Compass Family Services' major federal programs for the year ended June 30, 2022. Compass Family Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Compass Family Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Compass Family Services and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Compass Family Services' compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Compass Family Services' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Compass Family Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Compass Family Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Compass Family Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Compass Family Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Compass Family Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
December 13, 2022

**Compass Family Services**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number/ Program Number	Expenditures
<b><u>Expenditures of Federal Awards</u></b>			
U.S. Department of Agriculture			
Pass-through program from:			
California Department of Education - Child Nutrition Program			
Child Care and Adult Care Food Program	10.558	04457-CACFP-38-NP- CS	\$ 83,125
Total U.S. Department of Agriculture			<u>83,125</u>
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
City and County of San Francisco			
Department of Human Services Supportive Housing Program			
Continuum of Care Program:			
Compass SF HOME - Rapid Rehousing I	14.267	CA1531L9T011903, CA1531L9T012004 /1000015984,	\$ 738,155
Compass SF Home - Rapid Rehousing II	14.267	1000025850	430,542
Subtotal: Continuum of Care Program			<u>1,168,697</u>
Emergency Solutions Grant Program	14.231	1000017660	103,533
Emergency Solutions Grant Program	14.231	1000019041	53,944
Subtotal: Emergency Solutions Grant Program			<u>157,477</u>
Total U.S. Department of Housing and Urban Development			<u>1,326,174</u>
U.S. Department of Treasury			
Pass-through from:			
California Department of Social Services:			
COVID-19 - Child Care Licensed Facility Stabilization Stipend	21.027	n/a	20,900
U.S. Department of Health and Human Services			
Pass-through program from:			
City and County of San Francisco			
Temporary Assistance for Needy Families	93.558	163905-21	115,199
California Department of Social Services			
Child Care Development Division			
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-1226	115,649
Child Care and Development Block Grant	93.575	CCTR-1226	315,754
Subtotal CCDF Cluster			<u>431,403</u>
Total U.S. Department of Health and Human Services			<u>\$ 546,602</u>

**Compass Family Services**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number/ Program Number	Expenditures
U.S. Department of Homeland Security			
Pass-through program from:			
San Francisco Emergency Food and Shelter Local Board Emergency Food and Shelter National Board Program	97.024	085800-017	\$ 20,000
Total U.S. Department of Homeland Security			20,000
Total Expenditures of Federal Awards			<u>\$ 1,996,801</u>
<b><u>Expenditures of State Awards</u></b>			
Proposition 10			
San Francisco Children & Families Commission First 5 San Francisco	n/a		131,902
California Department of Social Services			
Child Care Development Division Child Development Services	n/a	CCTR-1226	91,603
California Department of Education			
Child Development Division California State Preschool Program	n/a	CSPP-1483	528,763
Childcare Food Program Center State meal reimbursement	n/a	1581-7A	4,844
Total Expenditures of State Awards			<u>757,112</u>
Total Expenditures of Federal and State Awards			<u>\$ 2,753,913</u>

**Compass Family Services**  
**Notes to Schedule of Expenditures of Federal and State Awards**  
**June 30, 2022**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the “Schedule”) includes the federal and state award activity of Compass Family Services (“Compass”) under programs of the federal government and State of California for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the California Department of Education and California Department of Social Services Audit Guide. Because the Schedule presents only a selected portion of the operations of Compass, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Compass.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the California Department of Education and California Department of Social Services Audit Guide, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

**NOTE 3 – INDIRECT COST RATE**

Compass has elected to use the 10% de minimis indirect cost rate for federal awards as described in 2 *Code of Federal Regulation* (CFR) 200.414. Compass applies indirect costs in accordance with specific terms of its federal award agreements.

**NOTE 4 – SUBRECIPIENTS**

Compass did not pass through any federal awards to subrecipients during the year ended June 30, 2022.

**Compass Family Services**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Federal Assistance Listing Number</i>	<i>Name of Major Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
14.267	Continuum of Care Program	<i>Unmodified</i>

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

Auditee qualified as low-risk auditee?  Yes  No

**Section II – Financial Statement Findings**

**2022-001 SIGNIFICANT DEFICIENCIES – INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**Criteria:** Design and implementation of internal controls.

**Condition:** We consider the following deficiencies in Compass’ internal controls to be significant deficiencies:

# Compass Family Services

## Schedule of Findings and Questioned Costs

### For the Year Ended June 30, 2022

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#### **Contributions and net assets**

We identified a significant donor restricted contribution recorded as a contribution without donor restrictions during the year ended June 30, 2022.

#### **Grants and contributions receivable**

Three of our selected grants and contributions receivable selections from the AR aging were determined by management to be uncollectible/unsubstantiated, either due to inability of donor to pay or internal accounting errors. One of these selections had been aged for approximately 18 months and was omitted from management's analysis of aged receivables as of June 30, 2022. Two contributions receivable, recognized in the previous year, were written off in the current year through a charge to revenues as opposed to bad debt expense.

#### **Financial close and reporting**

Compass does not currently have formally documented operational and accounting processes. Processes include activities and procedures involved in repeatable operation or accounting transactions or events such as applying cash receipts against outstanding accounts receivable, taking physical inventories, preparing journal entries, etc. Documenting a process involves identifying and gaining an understanding of the events or transactions that trigger performance of the process, the automated or manual procedures used in performing the process, the person(s) or position(s) responsible for performing the procedures, the source documents used or generated, the procedures for approval and review and correction of any errors detected, and the financial or operational entries or reports summarizing the result of the process.

**Context:** The deficiencies listed above were identified through our testing of design effectiveness of internal controls and / or substantive test of details.

**Effect:** Risk of misstatement of the consolidated financial statements.

**Cause:** Adequate internal control procedures have not been implemented and enforced.

**Recommendation:** We recommend management establish a formal checklist to be completed upon receipt of a contribution that summarizes management's conclusion on accounting treatment for the contribution in light of the applicable accounting standards. The checklist, at a minimum, should document management's assessment of the existence of rights of return, barriers to overcome, donor restrictions whether due to time or purpose, etc. Once completed, the checklist should be reviewed and approved by someone separate from the preparer.

We recommend management implement a policy/procedure defining how frequently collectability of receivables are to be evaluated, how much to allow for depending on age of a receivable, and which accounts to charge the write offs to if necessary. Following its review of the AR aging, we recommend management retain evidence of its review and approval to corroborate performance of the internal control.

We recommend management formally document operational and accounting policies and procedures. Documentation may include policy manuals, process models, flowcharts, job descriptions, documents, and forms, and can be in paper form, electronic files, or other media. The documentation can be used in reinforcing established policies and procedures, evaluating performance, or training a new employee to perform the process.

**Compass Family Services**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

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Views of Responsible Officials and Planned Corrective Actions:

**Contributions and Net Assets:**

Compass agrees with the finding. During the audited fiscal year, Compass implemented a control procedure over recognition of contributions. Compass' development department maintains a database of contributions made, including restriction and condition terms based on donor instruments and communications with donors. Compass' finance department prepares their own coding based on the controller's review of the donor instruments. Contributions greater than \$25,000 are reviewed by the CFO to provide a second review of the controller's classification. Quarterly, the CFO reviews a comparison of the development and finance department reports for consistency in treatment of the contributions and adjusts if necessary. For the most part, the control was effective for recognition in fiscal 2022. However, in one instance, a donor's email requesting a time restriction on a \$200,000 annual fund donation for general operations was not identified as a restriction until the email was pulled for audit testing. Compass will include additional education for finance and development employees on the identification and treatment of time restrictions.

**Grants and Contributions Receivable:**

- 1) Compass agrees with the finding. During the fiscal year, Compass implemented a procedure for the CFO to review the accounts receivable aging quarterly, and meet with the responsible employee to determine if an allowance was necessary on balances outstanding greater than 60 days. The two parties agree on the amount of any allowance and apply their analysis on an individual account basis. That procedure was applied to the materials provided for the auditors. However, our procedure did not reconcile the aging to the trial balance, and a portion of the aging was missed in the performance of the control resulting in an additional allowance. We will improve the control to include reconciliation of the aging to the organization's statement of financial position.
  
- 2) Compass agrees with the finding that corrections to prior year errors in receivables should run through bad debt and not as a reduction in revenue, when not restated.

**Compass Family Services  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Financial Close and Reporting:**

1) Compass agrees with the finding. Compass has been implementing accounting procedures and controls improvements in fiscal 2022 and will continue to do so in fiscal 2023. We are in the process of updating our 2016 accounting policies and controls manual for the changes implemented since the last update.

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

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None reported

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**Section IV – Other Compliance Findings**

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**2022-002 REPORTABLE COMPLIANCE MATTER**

**Programs:** Child Care and Development Programs: CSPP 1483 and CCTR 1226

**Criteria:** Attendance records should contain verification that includes the information to support excused absences that were claimed for reimbursement, including the parent's or designated staff person's signature if verification is made by telephone.

**Context:** We selected a random sample of (3) three months for testing.

**Condition:** We noted the absence log for one of the three months selected for testing did not have any signature of verification from the parent or designated staff.

**Effect:** Verification is not formally documented, as required for the Child Care and Development Programs.

**Cause:** The designated staff members were not trained to ensure verification of excused absences is formally documented.

**Fiscal Impact:** Not determinable.

**Recommendation:** Management should provide training to refresh personnel on attendance documentation requirements prior to the start of each year.

**Views of Responsible Officials and Planned Corrective Actions:** Compass agrees with the finding. In the second half of fiscal 2022, Compass has contracted with a third party that periodically reviews contract compliance and control procedures for proper monitoring and performance of compliance procedures. We understand audit results improved in a period after this vendor was retained, and we expect this to continue.

**Compass Family Services  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2022**

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There were no findings in the prior year.

**Supporting Schedules**  
**Required by the California Department of Education**

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**Compass Family Services**  
**General Information**  
**For the Year Ended June 30, 2022**

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Center Name	Compass Children's Center
Contract Numbers	CCTR-1226 CSPP-1483
Project Number	38-B588-00-1
Type of Agency	Private Nonprofit Corporation
Address	Agency: 37 Grove Street San Francisco, California 94102  Center: 114 Leavenworth Street San Francisco, California 94102
Name of Executive Director	Erica Kisch
Telephone Number	(415) 644-0504
Audit Period	July 1, 2021 through June 30, 2022
Number of Operations Days of Agency	246
Scheduled Daily Hours of Operation	Agency: 9:00am to 5:00pm Center: 7:45am to 6:00pm

**Compass Family Services**  
**Combining Statement of Financial Position**  
**For the Year Ended June 30, 2022**

	Child Development Funds	Other Funds	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ -	\$ 4,307,336	\$ 4,307,336
Restricted cash	694,414	2,634,923	3,329,337
Government grant receivable	171,272	1,896,375	2,067,647
Contributions receivable, net	542,738	827,491	1,370,229
Prepaid expenses	-	93,192	93,192
Investments	-	3,841,488	3,841,488
Client funds held in trust, current portion	-	2,709	2,709
	<u>1,408,424</u>	<u>13,603,514</u>	<u>15,011,938</u>
Total current assets			
Noncurrent assets			
Replacement reserve	422,101	410,911	833,012
Operating reserve	-	83,243	83,243
Client funds held in trust, net of current portion	-	17,320	17,320
NMTC leverage loan receivable	-	10,434,220	10,434,220
Endowment investments	-	505,931	505,931
Property and equipment, net	1,929,447	15,778,236	17,707,683
	<u>2,351,548</u>	<u>27,229,861</u>	<u>29,581,409</u>
Total noncurrent assets			
Total assets			
	<u>\$ 3,759,972</u>	<u>\$ 40,833,375</u>	<u>\$ 44,593,347</u>

**Compass Family Services**  
**Combining Statement of Financial Position (Continued)**  
**For the Year Ended June 30, 2022**

	Child Development Funds	Other Funds	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 190,891	\$ 1,021,314	\$ 1,212,205
Deferred revenue	96,301	18,048	114,349
Client funds	-	2,709	2,709
Current portion of notes payable	-	18,926	18,926
Total current liabilities	<u>287,192</u>	<u>1,060,997</u>	<u>1,348,189</u>
Long-term liabilities			
Client funds held in trust, net of current portion	-	17,320	17,320
Notes payable, NMTC, net	-	14,676,975	14,676,975
Due to/from other funds	145,085	(145,085)	-
Total long-term liabilities	<u>145,085</u>	<u>14,549,210</u>	<u>14,694,295</u>
Total liabilities	<u>432,277</u>	<u>15,610,207</u>	<u>16,042,484</u>
Net assets			
Without donor restrictions	1,820,543	21,667,092	23,487,635
With donor restrictions	1,507,152	3,556,076	5,063,228
Total net assets	<u>3,327,695</u>	<u>25,223,168</u>	<u>28,550,863</u>
Total liabilities and net assets	<u>\$ 3,759,972</u>	<u>\$ 40,833,375</u>	<u>\$ 44,593,347</u>



**Compass Family Services**  
**Combining Schedule of Claimed Renovation and Repair Expenditures**  
**For the Year Ended June 30, 2022**

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	<u>CCTR-1226</u>	<u>CSPP-1483</u>	<u>Total</u>
Unit cost under \$10,000 Item	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit cost over \$10,000 (with CDE or CDSS approval) Item	<u>-</u>	<u>-</u>	<u>-</u>
Unit cost over \$10,000 (without CDE or CDSS approval) Item	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Compass Family Services**  
**Combining Schedule of Claimed Equipment Expenditures**  
**For the Year Ended June 30, 2022**

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	CCTR-1226	CSPP-1483	Total
Unit cost under \$5,000 Item	\$ -	\$ -	\$ -
Unit cost over \$5,000 (with CDE or CDSS approval) Item	-	-	-
Unit cost over \$5,000 (without CDE or CDSS approval) Item	-	-	-
	\$ -	\$ -	\$ -

**Compass Family Services**  
**Combining Schedule of Claimed Administrative Costs**  
**For the Year Ended June 30, 2022**

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	<u>CCTR-1226</u>	<u>CSPP-1483</u>	<u>Child Care Food Program</u>	<u>Total</u>
Indirect costs	\$ 99,072	\$ 117,223	\$ 6,581	\$ 222,876
CACFP - CCC	2,538	4,043	(6,581)	-
CACFP - CCH	-	-	1,416	1,416
	<u>\$ 101,610</u>	<u>\$ 121,266</u>	<u>\$ 1,416</u>	<u>\$ 224,292</u>

# Compass Family Services

## Combining Schedule of Expenditures by State Categories and Reconciliation of CDE and GAAP Expense Reporting

### For the Year Ended June 30, 2022

	CCTR-1226			CSPP-1483			Total Child Development	CACFP - CCC included in CCTR and CSPP	Total CCC	CACFP - Clara House
	Reimbursable	Supplemental	Total	Reimbursable	Supplemental	Total				
1000 CERTIFIED SALARIES										
1100 Teacher's salaries	\$ 357,988	\$ 6,643	\$ 364,631	\$ 425,888	\$ -	\$ 425,888	\$ 790,519	\$ -	\$ 790,519	\$ -
1200 Administrators salaries	70,201	2,320	72,521	74,186	2,062	76,248	148,769	-	148,769	-
1300 Supervisor's salaries	68,849	-	68,849	74,975	-	74,975	143,824	-	143,824	-
1900 Other certified salaries	42,530	2,152	44,682	12,137	3,517	15,654	60,336	-	60,336	-
	<u>539,568</u>	<u>11,115</u>	<u>550,683</u>	<u>587,186</u>	<u>5,579</u>	<u>592,765</u>	<u>1,143,448</u>	<u>-</u>	<u>1,143,448</u>	<u>-</u>
2000 CLASSIFIED SALARIES										
2100 Instructional aide's salaries	41,034	1,435	42,469	76,877	-	76,877	119,346	-	119,346	-
2300 Clerical and other office salaries	23,392	2,489	25,881	24,991	1,839	26,830	52,711	-	52,711	-
2400 Maintenance/operations salaries	-	17,360	17,360	-	44,418	44,418	61,778	-	61,778	-
2500 Food service salaries	11,915	-	11,915	17,083	-	17,083	28,998	-	28,998	-
	<u>76,341</u>	<u>21,284</u>	<u>97,625</u>	<u>118,951</u>	<u>46,257</u>	<u>165,208</u>	<u>262,833</u>	<u>-</u>	<u>262,833</u>	<u>-</u>
3000 EMPLOYEE BENEFITS										
3300 Social Security	38,088	2,004	40,092	43,668	3,206	46,874	86,966	-	86,966	-
3400 Health and welfare benefits	119,162	6,268	125,430	136,619	10,029	146,648	272,078	-	272,078	-
3500 State Unemployment	180	9	189	206	15	221	410	-	410	-
3600 Workers' compensation	16,110	847	16,957	18,470	1,356	19,826	36,783	-	36,783	-
3900 Other benefits	22,158	1,166	23,324	25,404	1,865	27,269	50,593	-	50,593	-
	<u>195,698</u>	<u>10,294</u>	<u>205,992</u>	<u>224,367</u>	<u>16,471</u>	<u>240,838</u>	<u>446,830</u>	<u>-</u>	<u>446,830</u>	<u>-</u>
4000 BOOKS, SUPPLIES AND EQUIPMENT										
4200 Books other than textbooks	12,114	18,321	30,435	25,291	21,045	46,336	76,771	-	76,771	-
4300 Instructional material and supplies	2,882	1,559	4,441	9,014	2,274	11,288	15,729	-	15,729	-
4600 Pupil transportation supplies	-	1,000	1,000	-	-	-	1,000	-	1,000	-
4710 Food	11,335	6,501	17,836	12,357	12,449	24,806	42,642	65,810	108,452	14,162
4790 Other food service supplies	2,099	-	2,099	3,077	-	3,077	5,176	-	5,176	-
	<u>28,430</u>	<u>27,381</u>	<u>55,811</u>	<u>49,739</u>	<u>35,768</u>	<u>85,507</u>	<u>141,318</u>	<u>65,810</u>	<u>207,128</u>	<u>14,162</u>
5000 SERVICES/OTHER OPERATING EXPENSES										
5100 Contracts for personnel services	49,529	-	49,529	48,349	-	48,349	97,878	-	97,878	-
5200 Travel, conferences, and other	903	-	903	1,283	-	1,283	2,186	-	2,186	-
5400 Insurance	9,153	-	9,153	13,287	-	13,287	22,440	-	22,440	-
5500 Utilities and housekeeping	49,087	-	49,087	73,569	-	73,569	122,656	-	122,656	-
5700 Legal, election and audit	26,518	5,000	31,518	34,333	6,000	40,333	71,851	-	71,851	-
5800 Other services and operating expenses (training)	15,491	14,966	30,457	21,175	1,600	22,775	53,232	-	53,232	-
	<u>150,681</u>	<u>19,966</u>	<u>170,647</u>	<u>191,996</u>	<u>7,600</u>	<u>199,596</u>	<u>370,243</u>	<u>-</u>	<u>370,243</u>	<u>-</u>
OTHER										
Depreciation or use allowance	22,996	-	22,996	36,610	-	36,610	59,606	-	59,606	-
Indirect - Administrative	99,072	64,313	163,385	117,222	77,380	194,602	357,987	6,581	364,568	1,416
Nonreimbursables	-	88,254	88,254	-	119,083	119,083	207,337	-	207,337	-
	<u>122,068</u>	<u>152,567</u>	<u>274,635</u>	<u>153,832</u>	<u>196,463</u>	<u>350,295</u>	<u>624,930</u>	<u>6,581</u>	<u>631,511</u>	<u>1,416</u>
Total expenditures by state categories	1,112,786	242,607	1,355,393	1,326,071	308,138	1,634,209	2,989,602	72,391	3,061,993	15,578
Costs related to Child Care Food Program	27,922	-	27,922	44,469	-	44,469	72,391	(72,391)	-	-
Total of reimbursable and nonreimbursable expenditures	\$ 1,140,708	\$ 242,607	\$ 1,383,315	\$ 1,370,540	\$ 308,138	\$ 1,678,678	\$ 3,061,993	\$ -	\$ 3,061,993	\$ 15,578

**Compass Family Services**  
**Notes to Child Care and Development Programs Supplementary Information**  
**June 30, 2022**

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**NOTE 1 – INTEREST EXPENSE**

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2022.

**NOTE 2 – RELATED PARTY RENT TRANSACTIONS**

All expense claimed for reimbursement under a related-party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related-party rent transactions occurred for the year ended June 30, 2022.

**NOTE 3 – BAD DEBT EXPENSE**

Bad debt expense is unallowable unless it relates to uncollected family fees where documented of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2022.

## **Audited Attendance and Fiscal Reports**

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**California State Preschool Program – Form 1A  
 Certified Children Days of Enrollment and Attendance from July 2021 – December 2021**

**Pilot Program: San Francisco**

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	2,239		2,239	1.0000	2,239.0000
Three Years and Older Three-quarters-time			0	0.7500	0.0000
Three Years and Older One-half-time			0	0.6772	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time	17		17	1.5400	26.1800
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time			0	1.0429	0.0000
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time	98		98	1.1000	107.8000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time			0	0.6772	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6772	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.3070	0.0000
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>2,354</b>	<b>0</b>	<b>2,354</b>	<b>N/A</b>	<b>2,372.9800</b>

Attendance	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
<b>DAYS OF ATTENDANCE</b>	<b>2,351</b>	<b>0</b>	<b>2,351</b>	<b>N/A</b>	<b>N/A</b>

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

**California State Preschool Program – Form 1B  
 Certified Children Days of Enrollment and Attendance from January 2022 – June 2022**

**Service County: San Francisco**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time			0	1.0000	0.0000
Three Years and Older One-half-time			0	0.6286	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs One-half-time			0	0.9680	0.0000
Dual Language Learner Full-time-plus			0	1.2980	0.0000
Dual Language Learner Full-time			0	1.1000	0.0000
Dual Language Learner One-half-time			0	0.6286	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6286	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled One-half-time			0	1.2132	0.0000
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>0</b>	<b>0</b>	<b>0</b>	N/A	<b>0.0000</b>

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
<b>DAYS OF ATTENDANCE</b>	<b>0</b>		<b>0</b>	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

**California State Preschool Program – Form 2A  
 Certified Children Receiving Mental Health Consultation Services  
 Days of Enrollment and Attendance from July 2021 – December 2021**

**Pilot Program: San Francisco**

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.2300	0.0000
Three Years and Older Full-time	0		0	1.0500	0.0000
Three Years and Older Three-quarters-time			0	0.8000	0.0000
Three Years and Older One-half-time	0		0	0.7272	0.0000
Exceptional Needs Full-time-plus			0	1.8672	0.0000
Exceptional Needs Full-time	0		0	1.5900	0.0000
Exceptional Needs Three-quarters-time			0	1.2050	0.0000
Exceptional Needs One-half-time			0	1.0929	0.0000
Limited and Non-English Proficient Full-time-plus			0	1.3480	0.0000
Limited and Non-English Proficient Full-time	0		0	1.1500	0.0000
Limited and Non-English Proficient Three-quarters-time			0	0.8750	0.0000
Limited and Non-English Proficient One-half-time			0	0.7272	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.3480	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1500	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8750	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.7272	0.0000
Severely Disabled Full-time-plus			0	2.3274	0.0000
Severely Disabled Full-time			0	1.9800	0.0000
Severely Disabled Three-quarters-time			0	1.4975	0.0000
Severely Disabled One-half-time			0	1.3570	0.0000
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES</b>	<b>0</b>	<b>0</b>	<b>0</b>	N/A	<b>0.0000</b>

Attendance	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
<b>DAYS OF ATTENDANCE</b>	<b>0</b>		<b>0</b>	N/A	N/A

Enter the sum of Total Certified Days of Enrollment with Mental Health Consultation Services from all Form 2s in the Total Certified Days of Enrollment with Mental Health Consultation Services line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

**California State Preschool Program – Form 2B  
 Certified Children Receiving Mental Health Consultation Services  
 Days of Enrollment and Attendance from January 2022 – June 2022**

**Service County: San Francisco**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.2300	0.0000
Three Years and Older Full-time	1,398		1,398	1.0500	1,467.9000
Three Years and Older One-half-time	34		34	0.6786	23.0724
Exceptional Needs Full-time-plus			0	1.8672	0.0000
Exceptional Needs Full-time	127		127	1.5900	201.9300
Exceptional Needs One-half-time			0	1.0180	0.0000
Dual Language Learner Full-time-plus			0	1.3480	0.0000
Dual Language Learner Full-time	1,016		1,016	1.1500	1,168.4000
Dual Language Learner One-half-time			0	0.6786	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.3480	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1500	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6786	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.3274	0.0000
Severely Disabled Full-time			0	1.9800	0.0000
Severely Disabled One-half-time			0	1.2632	0.0000
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES</b>	<b>2,575</b>	<b>0</b>	<b>2,575</b>	<b>N/A</b>	<b>2,861.3024</b>

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
<b>DAYS OF ATTENDANCE</b>	<b>2,457</b>		<b>2,457</b>	<b>N/A</b>	<b>N/A</b>

Enter the sum of Total Certified Days of Enrollment with Mental Health Consultation Services from all Form 2s in the Total Certified Days of Enrollment with Mental Health Consultation Services line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

**California State Preschool Program – Form 3A  
Non-Certified Children Days of Enrollment from July 2021 – December 2021**

**Pilot Program: San Francisco**

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time			0	1.8000	0.0000
Toddlers (18 up to 36 months) Three-quarters-time			0	1.3500	0.0000
Toddlers (18 up to 36 months) One-half-time			0	0.9900	0.0000
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	1,695	0	1,695	1.0000	1,695.0000
Three Years and Older Three-quarters-time			0	0.7500	0.0000
Three Years and Older One-half-time			0	0.6772	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time			0	1.0429	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time	27	0	27	1.1000	29.7000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time			0	0.6772	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	29.7000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6772	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.3070	0.0000
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT</b>	<b>1,722</b>	<b>0</b>	<b>1,722</b>	N/A	<b>1,754.4000</b>

Enter the sum of Total Non-Certified Days of Enrollment from all Form 3s in the Total Non-Certified Days of Enrollment line of AUD 8501, Section 2.

**California State Preschool Program – Form 4B  
 Non-Certified Children Receiving Mental Health Consultation Services  
 Days of Enrollment from January 2022 – June 2022**

**Service County: San Francisco**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.1740	0.0000
Toddlers (18 up to 36 months) Full-time			0	1.8500	0.0000
Toddlers (18 up to 36 months) One-half-time			0	1.0400	0.0000
Three Years and Older Full-time-plus			0	1.2300	0.0000
Three Years and Older Full-time	1,627		1,627	1.0500	1,708.3500
Three Years and Older One-half-time			0	0.6786	0.0000
Exceptional Needs Full-time-plus			0	1.8672	0.0000
Exceptional Needs Full-time			0	1.5900	0.0000
Exceptional Needs One-half-time			0	1.0180	0.0000
Dual Language Learner Full-time-plus			0	1.3480	0.0000
Dual Language Learner Full-time	0	0	0	1.1500	0.0000
Dual Language Learner One-half-time			0	0.6786	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.3480	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1500	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6786	0.0000
Severely Disabled Full-time-plus			0	2.3274	0.0000
Severely Disabled Full-time			0	1.9800	0.0000
Severely Disabled One-half-time			0	1.2632	0.0000
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES</b>	<b>1,627</b>	<b>0</b>	<b>1,627</b>	N/A	<b>1,708.3500</b>

Enter the sum of Total Non-Certified Days of Enrollment with Mental Health Consultation Services from all Form 4s in the Total Non-Certified Days of Enrollment with Mental Health Consultation Services line of AUD 8501, Section 2.

**Contractor Name: COMPASS FAMILY SERVICES**  
**California Department of Education**  
**Audited Enrollment, Attendance and Fiscal**  
**Report for California State Preschool Program**

**Contract Number: CSPP1483**  
**Fiscal Year Ended: June 30, 2022**  
**Vendor Code: B5880**

**Section 1 – Number of Counties Where Services are Provided**

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **1**

Number of counties where the agency provided services to non-certified children (Form 3): **1**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **1**

Total enrollment and attendance forms to attach: **8**

Note: For each of the above categories, submit one July-December form and one form for each service county for January-June.

**Section 2 – Days of Enrollment, Attendance and Operation**

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	2,354		2,354	
Total Certified Days of Enrollment with Mental Health Consultation Services	2,575		2,575	
Days of Attendance (including MHCS)	4,808		4,808	N/A
Total Non-Certified Days of Enrollment	1,722		1,722	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	1,627		1,627	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	246		246	N/A

**Section 3 – Revenue**

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	44,469		44,469
County Maintenance of Effort (EC Section 8279)			0
Other: Government	213,244		213,244
Other:			0
<b>TOTAL RESTRICTED INCOME</b>	<b>257,713</b>	<b>0</b>	<b>257,713</b>

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Reserve			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children			0
Interest Earned on Child Development Apportionment Payments			0
Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other: Government	799,670		799,670
Other:			0

**Section 4 - Reimbursable Expenses**

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	587,186		587,186
2000 Classified Salaries	118,950		118,950
3000 Employee Benefits	224,367		224,367
4000 Books and Supplies	90,164		90,164
5000 Services and Other Operating Expenses	191,997		191,997
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance	36,615		36,615
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)	121,266		121,266
<b>TOTAL REIMBURSABLE EXPENSES</b>	<b>1,370,545</b>	<b>0</b>	<b>1,370,545</b>

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)?  Yes  No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	121,266		121,266
Total Staff Training Cost (included in Reimbursable Expenses)	451		451

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

**Section 5 - Supplemental Funding**

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: Contributions	306,188	1,949	308,137
Other:			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>306,188</b>	<b>1,949</b>	<b>308,137</b>

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries	5,579		5,579
2000 Classified Salaries	46,257		46,257
3000 Employee Benefits	16,470		16,470
4000 Books and Supplies	35,767		35,767
5000 Services and Other Operating Expenses	7,597		7,597
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	77,384		77,384
Non-Reimbursable Supplemental Expenses	117,134	1,949	119,083
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>306,188</b>	<b>1,949</b>	<b>308,137</b>

**Section 6 - Summary**

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	4,929	0	4,929
Days of Operation	246	0	246
Days of Attendance (including MHCS)	4,808	0	4,808
Total Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	257,713	0	257,713
Transfer from Reserve	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	1,370,545	0	1,370,545
Total Administrative Cost	121,266	0	121,266
Total Staff Training Cost	451	0	451
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

**Section 7 – Auditor’s Assurances**

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO):  Yes  No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO):  Yes  No

**Section 8 – Comments**

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

**Contractor Name: COMPASS FAMILY SERVICES**  
**California Department of Education**  
**Audited Enrollment, Attendance and Fiscal**  
**Report for California State Preschool Program**

**Contract Number: CSPP1483**  
**Fiscal Year Ended: June 30, 2022**  
**Vendor Code: B5880**

**Section 1 – Number of Counties Where Services are Provided**

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **1**

Number of counties where the agency provided services to non-certified children (Form 3): **1**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **1**

Total enrollment and attendance forms to attach: **8**

Note: For each of the above categories, submit one July-December form and one form for each service county for January-June.

**Section 2 – Days of Enrollment, Attendance and Operation**

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	2,354		2,354	
Total Certified Days of Enrollment with Mental Health Consultation Services	2,575		2,575	
Days of Attendance (including MHCS)	4,808		4,808	N/A
Total Non-Certified Days of Enrollment	1,722		1,722	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	1,627		1,627	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	246		246	N/A

**Section 3 – Revenue**

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	44,469		44,469
County Maintenance of Effort (EC Section 8279)			0
Other: Government	213,244		213,244
Other:			0
<b>TOTAL RESTRICTED INCOME</b>	<b>257,713</b>	<b>0</b>	<b>257,713</b>

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Reserve			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children			0
Interest Earned on Child Development Apportionment Payments			0
Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other: Government	799,670		799,670
Other:			0

**Section 4 - Reimbursable Expenses**

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	587,186		587,186
2000 Classified Salaries	118,950		118,950
3000 Employee Benefits	224,367		224,367
4000 Books and Supplies	90,164		90,164
5000 Services and Other Operating Expenses	191,997		191,997
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance	36,615		36,615
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)	121,266		121,266
<b>TOTAL REIMBURSABLE EXPENSES</b>	<b>1,370,545</b>	<b>0</b>	<b>1,370,545</b>

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)?  Yes  No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	121,266		121,266
Total Staff Training Cost (included in Reimbursable Expenses)	451		451

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

**Section 5 - Supplemental Funding**

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: Contributions	306,188	1,949	308,137
Other:			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>306,188</b>	<b>1,949</b>	<b>308,137</b>

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries	5,579		5,579
2000 Classified Salaries	46,257		46,257
3000 Employee Benefits	16,470		16,470
4000 Books and Supplies	35,767		35,767
5000 Services and Other Operating Expenses	7,597		7,597
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	77,384		77,384
Non-Reimbursable Supplemental Expenses	117,134	1,949	119,083
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>306,188</b>	<b>1,949</b>	<b>308,137</b>

**Section 6 - Summary**

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	4,929	0	4,929
Days of Operation	246	0	246
Days of Attendance (including MHCS)	4,808	0	4,808
Total Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	257,713	0	257,713
Transfer from Reserve	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	1,370,545	0	1,370,545
Total Administrative Cost	121,266	0	121,266
Total Staff Training Cost	451	0	451
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

**Section 7 – Auditor’s Assurances**

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO):  Yes  No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO):  Yes  No

**Section 8 – Comments**

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

