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

Compass Family Services

June 30, 2020



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Report of Independent Auditors

Board of Directors
Compass Family Services

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Compass Family Services (a California nonprofit public benefit corporation), which comprise the consolidated statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Compass Family Services as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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 28-31 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 page 3, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying supplementary information shown on pages 43 – 66 for California Department of Education 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 February 15, 2021, 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.

Moss Adams LLP

San Francisco, California
February 15, 2021

Consolidated Financial Statements

Compass Family Services
Consolidated Statement of Financial Position
June 30, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 4,141,245
Restricted cash	2,372,749
Restricted cash - QALICB	329,094
Grant receivable	2,243,850
Contributions receivable, net	1,783,641
Other receivable	6,459
Prepaid expenses	110,741
Investments	202,950
Client funds held in trust, current portion	1,689
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Total current assets	11,192,418

Noncurrent assets

Replacement reserve	334,810
Operating reserve	83,182
Client funds held in trust, net of current portion	9,635
Restricted cash - QALICB, net of current portion	333,193
Other assets	34,836
Contributions receivable, net of current portion	125,855
NMTC leverage loan receivable	10,434,220
Endowment investments	473,463
Property and equipment, net	18,607,421
	<hr/>
Total noncurrent assets	30,436,615
	<hr/>
Total assets	\$ 41,629,033

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 720,424
Deferred revenue	149,491
Client funds held in trust, current portion	1,689
	<hr/>
Total current liabilities	871,604

Noncurrent liabilities

Client funds held in trust, net of current portion	9,635
Loans payable, net	4,503,043
Notes payable - NMTC	14,649,397
	<hr/>
Total noncurrent liabilities	19,162,075
	<hr/>
Total liabilities	20,033,679

Net assets

Without donor restrictions	17,330,124
With donor restrictions	4,265,230
	<hr/>
Total net assets	21,595,354
	<hr/>
Total liabilities and net assets	\$ 41,629,033

Compass Family Services
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Government grants	\$ 8,377,195	\$ -	8,377,195
Contributions	3,957,803	3,767,006	7,724,809
Contributed services	251,231	-	251,231
Special events	662,742	-	662,742
In-kind contributions	625,630	-	625,630
Program service fees	28,126	-	28,126
Interest and investment income, net	20,653	11,333	31,986
Realized and unrealized gains on investments	5,184	2,048	7,232
NMTC leverage loan interest	207,109	-	207,109
Other income	632	-	632
Net assets released from restriction	<u>3,125,508</u>	<u>(3,125,508)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>17,261,813</u>	 <u>654,879</u>	 <u>17,916,692</u>
Expenses			
Program services			
Compass Family Shelter	964,541	-	964,541
Compass Children's Center	2,346,987	-	2,346,987
Compass SF Home	2,971,268	-	2,971,268
Compass Clara House	1,114,802	-	1,114,802
Central City Access Point	1,000,027	-	1,000,027
Compass Family Resource Center	512,325	-	512,325
Compass Childcare Support Services	871,286	-	871,286
Neighbor Nest	215,049	-	215,049
Compass Clinical Services	<u>746,320</u>	<u>-</u>	<u>746,320</u>
 Total program services	 <u>10,742,605</u>	 <u>-</u>	 <u>10,742,605</u>
Support services			
Management and general	2,302,379	-	2,302,379
Fundraising	<u>916,583</u>	<u>-</u>	<u>916,583</u>
 Total support services	 <u>3,218,962</u>	 <u>-</u>	 <u>3,218,962</u>
 Total expenses	 <u>13,961,567</u>	 <u>-</u>	 <u>13,961,567</u>
Change in net assets	3,300,246	654,879	3,955,125
Net assets, beginning of year	<u>14,029,878</u>	<u>3,610,351</u>	<u>17,640,229</u>
Net assets, end of year	<u>\$ 17,330,124</u>	<u>\$ 4,265,230</u>	<u>\$ 21,595,354</u>

Compass Family Services
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	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	Neighbor Nest	Compass Clinical Services	Total Program Services	Management and General	Fundraising	Total			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and wages	\$ 396,666	\$ 1,234,650	\$ 699,464	\$ 470,232	\$ 460,099	\$ 250,380	\$ 423,225	\$ 105,267	\$ 451,675	\$ 4,491,658	\$ 912,015	\$ 483,173	\$ 5,886,846			
Employee benefits	126,230	460,516	216,682	175,283	114,740	67,150	137,220	47,922	128,634	1,474,377	247,850	118,901	1,841,128			
Professional fees	23,894	106,213	32,429	38,329	30,396	13,801	20,545	5,629	22,330	293,566	220,218	19,472	533,256			
Housing assistance	-		1,640,517			16,452				1,656,969			1,656,969			
Client assistance - other	238,260	98,757	248,708	71,749	290,958	129,775	234,961	43,027	58,630	1,414,825	-	9,329	1,424,154			
Rent and occupancy	42,088	89,540	20,136	180,432	25,062	7,707	13,459	537	17,150	396,111	11,706	10,174	417,991			
Contributed services	7,100	-	-	-	-	-	-	-	-	7,100	118,831	45,595	171,526			
Office supplies	1,075	2,825	3,093	1,983	3,406	1,000	1,383	151	1,583	16,499	2,938	1,476	20,913			
Program expenses	32,807	121,949	653	39,312	1,382	7,623	1,398	3,532	2,126	210,782	1,496	10,169	222,447			
Telephone	14,182	34,692	16,049	19,778	8,790	4,286	6,355	1,055	7,648	112,835	9,602	6,357	128,794			
Insurance	4,871	16,817	8,015	8,323	6,144	4,071	5,532	1,332	5,730	60,835	17,751	4,201	82,787			
Equipment maintenance	6,104	9,467	12,927	6,307	14,103	11,387	7,159	137	27,522	95,113	20,012	11,835	126,960			
Printing	1,029	3,709	1,595	1,375	1,010	466	894	105	831	11,014	2,419	16,091	29,524			
Travel, training, and hiring	4,535	5,215	38,489	3,351	2,283	2,409	1,580	590	1,829	60,281	1,354	1,647	63,282			
Interest expense	-	-	-	-	-	-	-	-	-	-	425,007	-	425,007			
Miscellaneous	7,640	19,269	19,359	8,982	20,611	6,424	9,522	2,154	9,105	103,066	37,556	120,540	261,162			
Special Events	-	-	-	-	-	-	-	-	-	-	-	53,892	53,892			
Loss on disposal of property and equipment	-	-	-	3,732	-	-	-	-	-	3,732	-	-	3,732			
Depreciation and amortization	58,060	143,368	13,152	85,634	4,591	5,846	8,053	3,611	11,527	333,842	273,624	3,731	611,197			
	\$ 964,541	\$ 2,346,987	\$ 2,971,268	\$ 1,114,802	\$ 1,000,027	\$ 512,325	\$ 871,286	\$ 215,049	\$ 746,320	\$ 10,742,605	\$ 2,302,379	\$ 916,583	\$ 13,961,567			

Compass Family Services
Consolidated Statement of Cash Flows
Year Ended June 30, 2020

Cash flows from operating activities	
Change in net assets	\$ 3,955,125
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	611,197
Net realized and unrealized gains on investments	(7,232)
Loss on disposal of property and equipment	3,732
Changes in operating assets and liabilities	
Grant receivable	(1,194,908)
Contributions receivable	938,738
Other receivable	(6,459)
Prepaid expenses	29,551
Other assets	12,121
Accounts payable and accrued expenses	99,212
Deferred revenue	69,814
Net cash provided by operating activities	<u>4,510,891</u>
Cash flows from investing activities	
Net increase in replacement reserves	(50,747)
Net increase in operating reserves	(27)
Purchases of property, equipment and leasehold improvements	(113,210)
Proceeds from the sale of investments	116,926
Purchases of investments	(172,302)
Net cash used in investing activities	<u>(219,360)</u>
Cash flows from financing activities	
Proceeds from loan payable	1,364,972
Payment on loans payable	<u>(2,551,533)</u>
Net cash used in financing activities	<u>(1,186,561)</u>
Net increase in cash	3,104,970
Cash, cash equivalents, and restricted cash, beginning of year	<u>4,071,311</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 7,176,281</u>
Cash, cash equivalents, and restricted cash consisted of the following:	
Cash and cash equivalents	\$ 4,141,245
Restricted cash	2,372,749
Restricted cash - QALICB	<u>662,287</u>
	<u>\$ 7,176,281</u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	\$ 425,007

Compass Family Services

Notes to Consolidated Financial Statements

NOTE 1 – NATURE OF OPERATIONS

Compass Family Services ("Compass") began in 1914, as Travelers Aid San Francisco, established to help newcomers to San Francisco who were lost and in need of assistance. In 2014, Compass celebrated 100 years of service to the community. Over the century, as client needs have changed, Compass has changed with them. Beginning in the late 1980's, Compass began focusing on serving homeless families with children when more and more families began appearing on San Francisco streets lacking shelter and other basic necessities. Compass' mission is to help homeless families and families at imminent risk for homelessness to achieve housing stability, family well-being and self-sufficiency. Last year we served more than 6,159 parents and children with our continuum of direct services designed to help families to stabilize and exit homelessness.

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

Compass Connecting Point:

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 – a comprehensive set of trauma-informed services that support family well-being, including support groups, parenting education classes, case management, parent/child interactive groups, crisis counseling and community building activities.

Childcare Support Services – helps parents to access early care and education programs for their children. Supports parents with childcare screening and enrollment, as well as with other needs including employment, benefits, obtaining documents and accessing health services.

Compass Family Shelter – provides homeless families with temporary shelter and a comprehensive range of support services that enable them to secure and maintain permanent housing, improve their employment prospects and address the underlying issues that contributed to their current instability.

Compass SF HOME – provides rental subsidies and support services that enable families in danger of homelessness to maintain their housing and rapidly rehouses homeless families. While receiving the subsidy, clients work towards long-term economic self-sufficiency through education or employment training.

Compass Clara House – an 18-month transitional housing program that supports families as they pursue their education, employment and housing goals to achieve independence and self-sufficiency.

Compass Children's Center – a nationally accredited enriched early childhood education center with a curriculum tailored to meet the specific needs of children, ages 0-5, from homeless and at-risk families.

Compass Clinical Services – provides mental health services and service coordination to Compass families and clinical support and training to staff across the agency.

NeighborNest – is a family-friendly learning center that provides access to technology for homeless and at-risk families in the Mid-Market, Tenderloin and SoMa areas.

Compass Family Services

Notes to Consolidated Financial Statements

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 non-profit 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, 2020, 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. However, contributions and grants with donor restrictions are reported as support and revenues without donor restrictions if the restriction is met in the same year that the gift is received.

Compass Family Services Notes to Consolidated Financial Statements

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.

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 \$290,850 in gifts contributed to families during the year ended June 30, 2020, and is recognized in the consolidated financial statement of activities and changes in net assets as contributions and expenses.

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 of funds held in escrow for the purchase of property and cash restricted for other operational purposes.

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

At times, balances in Compass' cash accounts may exceed the Federal Deposit Insurance Corporation limit of \$250,000. Cash balances in Compass' investment account are insured by Securities Investor Protection Corporation, limit of \$250,000. At June 30, 2020, uninsured balances were approximately \$6,820,000. Compass has not experienced any losses in such accounts.

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.

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. There is no allowance for doubtful accounts at June 30, 2020, as management has determined all outstanding balances to be collectible.

At June 30, 2020, management expects all grant receivable to be collectible within one year. Contributions receivable are expected to be fully collected within three years.

Compass Family Services

Notes to Consolidated Financial Statements

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 statement 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.

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

Compass Family Services
Notes to Consolidated Financial Statements

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.

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 statement of activities and changes in net assets. The consolidated statement 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.

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, 2020, 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, 2020, was \$420,550 and is included in accounts payable and accrued expenses in the consolidated statement of financial position.

Compass Family Services

Notes to Consolidated Financial Statements

New accounting pronouncements – In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. As compared to existing guidance on revenue recognition, ASU 2014-09 will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principles-based guidance in ASU 2014-09 will provide a framework for addressing revenue recognition issues comprehensively for entities that apply U.S. GAAP in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU 2014-09 also improves U.S. GAAP by reducing the number of requirements to which an entity must consider in recognizing revenue, as well as requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The effective date of ASU 2014-09 was deferred for Compass by ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to fiscal year beginning July 1, 2020. Management is currently evaluating the impact of the provisions of these ASUs on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*, which eliminates, adds, and modifies certain disclosure requirements for fair value measurements. ASU 2018-13 is effective for Compass for fiscal year ending June 30, 2021, and is permitted to early adopt either the entire standard or only the provisions that eliminate or modify requirements. Management is currently evaluating the impact of the provisions of ASU 2018-13 on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among entities by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. The effective date of ASU 2016-02 was deferred for Compass by ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to fiscal year beginning after July 1, 2022. Management is currently evaluating the impact of the provisions of these ASUs on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, 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 fiscal year beginning July 1, 2021. Management is currently evaluating the impact of the provisions of ASU 2020-07 on the consolidated financial statements.

Recently adopted accounting pronouncements – In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. Compass adopted this for the year ended June 30, 2020. The adoption of ASU 2018-08 did not have a material impact on the Compass’ consolidated financial statements.

Compass Family Services

Notes to Consolidated Financial Statements

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”), which enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Compass adopted this for the year ended June 30, 2020. The adoption of ASU 2016-01 did not have a material impact on Compass’ 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.

As designated by the Board of Directors (the "Board"), Compass established a reserve for replacement and repair of property and equipment for the Compass Children's Center building. The reserve was initially funded in September 2003, with the remainder of the temporary restricted construction capital of \$53,820. There are no additional external funding requirements.

Changes in the replacement reserve accounts are as follows for the year ended June 30, 2020:

	Compass Clara House	Compass Children's Center	Total
Balance, beginning of year	\$ 262,000	\$ 22,063	\$ 284,063
Deposits	49,504	-	49,504
Dividend/interest received	132	505	637
Realized/unrealized gain	-	606	606
 Balance, end of year	 <u>\$ 311,636</u>	 <u>\$ 23,174</u>	 <u>\$ 334,810</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 three months of budgeted operating costs.

In accordance with provisions of the agreements and Board's designation, 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 year ended June 30, 2020:

Balance, beginning of year	\$ 83,155
Dividend/interest received	27
Balance, end of year	<u>\$ 83,182</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following, at June 30, 2020:

Receivable in one year or less	\$ 1,783,641
Receivable in one to five years	<u>125,855</u>
	<u>\$ 1,909,496</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. A discount rate ranging from 1.89% to 2.54% was used for contributions that are expected to be collected in more than one year. Amortization of any such discount is recorded as additional contribution revenue. No allowance was deemed necessary as of June 30, 2020, as all contributions were deemed collectible.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following, at June 30, 2020:

Land and building	\$ 20,600,156
Building improvements	965,636
Furniture and equipment	717,079
Leasehold improvements	1,000,220
Construction in progress	<u>79,692</u>
 Total property and equipment	 23,362,783
Accumulated depreciation	<u>(4,755,362)</u>
 Total property and equipment, net	 <u>\$ 18,607,421</u>

Depreciation expenses for the year ended June 30, 2020, was \$572,367.

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, 2020:

Bond mutual funds	\$ 310,588
Exchange traded funds	199,283
Equity mutual funds	<u>166,542</u>
	 <u>\$ 676,413</u>

The following table sets forth by level, within the fair value hierarchy, the Compass's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
Bond mutual funds	\$ 310,588	\$ -	\$ -	\$ 310,588
Exchange traded funds	199,283	-	-	199,283
Equity mutual funds	<u>166,542</u>	<u>-</u>	<u>-</u>	<u>166,542</u>
	 <u>\$ 676,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,413</u>

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 matures on April 10, 2021. There was no outstanding balance on the line of credit at June 30, 2020.

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. 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.

Compass Family Services

Notes to Consolidated Financial Statements

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.

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.

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.

Compass Family Services
Notes to Consolidated Financial Statements

At June 30, 2020, notes payable - NMTC are detailed as follows:

QLICI Loan A1	\$ 9,437,320
QLICI Loan B1	4,194,680
QLICI Loan A2	996,900
QLICI Loan B2	<u>503,100</u>
	15,132,000
Less unamortized debt issuance costs	<u>(482,603)</u>
	<u><u>\$ 14,649,397</u></u>

NOTE 10 – LOANS PAYABLE

Paycheck protection program loan – In April 2020, Compass was granted an unsecured loan under the Paycheck Protection Program 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 bears interest at 1% with no payments due for the first six months and the loan matures in April 2022. The loan is subject to partial or full forgiveness if Compass uses all proceeds for eligible purposes; maintains certain employment levels; and maintains 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 is granted, releasing Compass from being the primary obligor.

Low Income Investment Fund loan - Compass entered into loans payable with Low Income Investment Fund. Principal payments and accrued interest are due monthly, with interest at 4.75% per annum, maturing on June 28, 2025. Proceeds from the notes payable were utilized to finance the NMTC leverage loan receivable and renovate 37 Grove.

At June 30, 2020, loans payable are detailed as follows:

Paycheck Protection Program loan payable	\$ 1,364,972
Low Income Investment Fund loan	3,263,332
Less: unamortized debt issuance costs	<u>(125,261)</u>
	<u><u>\$ 4,503,043</u></u>

Compass Family Services

Notes to Consolidated Financial Statements

The future maturities of the notes payable are as follows:

Years ending June 30,

2021	\$ 70,706
2022	2,328,446
2023	77,811
2024	81,280
2025	<u>2,070,061</u>
	 <u>\$ 4,628,304</u>

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Compass Family Shelter	\$ 46,000
Compass Children's Center	768,724
Compass Clara House	22,972
Compass SF Home	50,000
Compass Clinical Services	503,527
Central City Access Point	31,664
Compass Family Resource Center	4,214
Compass Childcare Support Services	1,322
NeighborNest	184,161
Cross-program support	878,600
Building - Compass Clara House	997,446
Building - Compass Children's Center	297,000
Donor-restricted endowment funds corpus	83,750
Unappropriated endowment earnings	<u>395,850</u>
	 <u>\$ 4,265,230</u>

Compass Family Services
Notes to Consolidated Financial Statements

Net assets with donor restrictions released from restriction during the year were as follows:

Compass Family Shelter	\$ 21,210
Compass Children's Center	702,850
Compass Clara House	137,874
Compass SF Home	39,911
Compass Clinical Services	394,203
Central City Access Point	16,925
Compass Family Resource Center	55,638
Compass Childcare Support Services	35,075
NeighborNest	164,849
Cross-program support	1,499,437
Building - Compass Clara House	13,500
Building - Compass Children's Center	<u>44,036</u>
	<u><u>\$ 3,125,508</u></u>

The year ended June 30, 2020, is the second year of Compass' three-year comprehensive campaign to raise funds for the purchase and rehabilitation of 37 Grove and to fund operating costs and reserves. As with the previous year, the increase in net assets during 2020, reflects the additional funds raised by the campaign. The campaign funds were used to make loan payments: \$2,551,553 for the year ended June 30, 2020. Net assets with donor restrictions not used to repay the loan will be used for subsequent year operating costs, loan payments and reserve contributions.

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

Compass Family Services

Notes to Consolidated Financial Statements

- (3) General economic conditions
- (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. There were no such deficiencies as of June 30, 2020.

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, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	<u>\$</u> <u>-</u>	<u>\$</u> <u>479,599</u>	<u>\$</u> <u>479,599</u>

Changes in endowment net assets for the fiscal year ended June 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2019	<u>\$</u> <u>-</u>	<u>\$</u> <u>466,219</u>	<u>\$</u> <u>466,219</u>
Investment return			
Investment income	<u>-</u>	<u>11,333</u>	<u>11,333</u>
Total investment return	<u>-</u>	<u>11,333</u>	<u>11,333</u>
Realized and unrealized gain	<u>-</u>	<u>2,048</u>	<u>2,048</u>
	<u>-</u>	<u>13,381</u>	<u>13,381</u>
Balance, June 30, 2020	<u>\$</u> <u>-</u>	<u>\$</u> <u>479,600</u>	<u>\$</u> <u>479,600</u>

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 year ended June 30, 2020, contributed \$208,653 to the Plan.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Operating leases - Compass leases space for its administrative and program offices, and family shelter. Compass' lease for its administrative offices runs through April 2023, and calls for monthly rent expense of \$4,000 in the initial year of the lease, and increases annually up to \$8,240 in the final year of the lease. Compass' lease for its program offices runs through July 2018, and calls for monthly rent expense of \$18,018 in the initial year of the lease, and increases annually up to \$21,829 in the final year of the lease. 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 2021. Compass also leases copiers with lease terms running through June 2025, with monthly rent expense ranging from \$55 to \$2,070.

Compass Family Services

Notes to Consolidated Financial Statements

In August 2017, Compass QALICB entered into a lease agreement to lease the 37 Grove Street property. The lease has a term of 10 years with initial base rent of \$54,549 per month, which is subject to increases of 3% per annum on each anniversary of the rent commencement date. An option agreement to purchase the leased building was entered into in August 2017, with purchase options from \$9,500,000 to \$10,500,000. The purchase option was exercised in August 2018, for \$9,500,000.

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:

Year ending June 30,

2021	\$ 142,376
2022	120,789
2023	107,243
2024	24,843
2025	24,843
	<hr/>
	\$ 420,094

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

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 in , of \$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 2020.

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") 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 2020.

COVID-19 pandemic – In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their clients, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the Compass' operations.

Compass Family Services
Notes to Consolidated Financial Statements

Compass' management has been closely monitoring the impact of COVID-19 on Compass' operations, including the impact on its clients and employees. The duration and intensity of the pandemic is uncertain but may influence client decisions, grantor and donor decisions, and may also negatively impact collections on Compass' receivables.

NOTE 15 – 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, trade accounts receivable, contributions receivable and investments available.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2020 to fund general expenditures and other obligations as they become due:

Financial assets

Cash and cash equivalents	\$ 4,141,245
Grant receivable	2,243,850
Contributions receivable, net - current portion	1,783,641
Other receivable	6,459
Investments - current portion	<u>202,950</u>
	<u>8,378,145</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Donor restrictions	<u>(532,016)</u>
	<u>(532,016)</u>
	<u>\$ 7,846,129</u>

Compass has financial assets available at June 30, 2020 to cover approximately 90 days of operating expenses based on the fiscal year 2021 budget. The fiscal year 2020 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 \$400,000 available line of credit. See Note 7 for further description of the line of credit.

Compass Family Services

Notes to Consolidated Financial Statements

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement 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 statement 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 statement of financial position but arose after the statement of financial position date before the consolidated financial statements were available to be issued.

Compass has evaluated subsequent events through February 15, 2021, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Compass Family Services
Consolidating Statement of Financial Position
June 30, 2020

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,062,707	\$ 78,538	\$ -	\$ 4,141,245
Restricted cash	2,372,749	-	-	2,372,749
Restricted cash - QALICB	-	329,094	-	329,094
Grant receivable	2,243,850	-	-	2,243,850
Contributions receivable, net	1,783,641	-	-	1,783,641
Other accounts receivable	6,459	-	-	6,459
Deferred rent	-	900,604	(900,604)	-
Prepaid expenses	110,741	-	-	110,741
Investments	202,950	-	-	202,950
Client funds held in trust, current portion	1,689	-	-	1,689
Due from Compass QALICB	<u>70,876</u>	<u>-</u>	<u>(70,876)</u>	<u>-</u>
Total current assets	<u>10,855,662</u>	<u>1,308,236</u>	<u>(971,480)</u>	<u>11,192,418</u>
Noncurrent assets				
Replacement reserve	334,810	-	-	334,810
Operating reserve	83,182	-	-	83,182
Client funds held in trust, net of current portion	9,635	-	-	9,635
Restricted cash - QALICB, net of current portion	-	333,193	-	333,193
Other assets	34,836	-	-	34,836
Contributions receivable, net of current portion	125,855	-	-	125,855
NMTC leverage loan receivable	10,434,220	-	-	10,434,220
Endowment investments	473,463	-	-	473,463
Property and equipment, net	<u>4,653,930</u>	<u>13,953,491</u>	<u>-</u>	<u>18,607,421</u>
Total noncurrent assets	<u>16,149,931</u>	<u>14,286,684</u>	<u>-</u>	<u>30,436,615</u>
Total assets	<u>\$ 27,005,593</u>	<u>\$ 15,594,920</u>	<u>\$ (971,480)</u>	<u>\$ 41,629,033</u>

Compass Family Services
Consolidating Statement of Financial Position (continued)
For the Year Ended June 30, 2020

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,621,028	\$ -	\$ (900,604)	\$ 720,424
Deferred revenue	149,491	-	-	149,491
Client funds held in trust, current portion	1,689	-	-	1,689
Due to Compass Family Services	-	70,876	(70,876)	-
Total current liabilities	<u>1,772,208</u>	<u>70,876</u>	<u>(971,480)</u>	<u>871,604</u>
Long-term liabilities				
Client funds held in trust, net of current portion	9,635	-	-	9,635
Loan payable	4,503,043	-	-	4,503,043
Notes payable - NMTC	-	14,649,397	-	14,649,397
Total long-term liabilities	<u>4,512,678</u>	<u>14,649,397</u>	<u>-</u>	<u>19,162,075</u>
Total current liabilities	<u>6,284,886</u>	<u>14,720,273</u>	<u>(971,480)</u>	<u>20,033,679</u>
Net assets				
Without donor restrictions	16,455,477	874,647	-	17,330,124
With donor restrictions	4,265,230	-	-	4,265,230
Total net assets	<u>20,720,707</u>	<u>874,647</u>	<u>-</u>	<u>21,595,354</u>
Total liabilities and net assets	<u>\$ 27,005,593</u>	<u>\$ 15,594,920</u>	<u>\$ (971,480)</u>	<u>\$ 41,629,033</u>

Compass Family Services
Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
Revenues, gains, and other support				
Government grants	\$ 8,377,195	\$ -	\$ -	\$ 8,377,195
Contributions	7,724,809	-	-	7,724,809
Contributed services	251,231	-	-	251,231
Special events	662,742	-	-	662,742
In-kind contributions	625,630	-	-	625,630
Program service fees	28,126	-	-	28,126
Interest and investment income	27,755	4,231	-	31,986
Realized and unrealized gains on investments	7,232	-	-	7,232
Rental income	-	679,881	(679,881)	-
Other income	632	-	-	632
NMTC leverage loan interest	207,109	-	-	207,109
Total revenues, gains, and other support	<u>17,912,461</u>	<u>684,112</u>	<u>(679,881)</u>	<u>17,916,692</u>
Expenses				
Compass Family Shelter	964,541	-	-	964,541
Compass Children's Center	2,346,987	-	-	2,346,987
Compass SF Home	3,099,797	-	(128,529)	2,971,268
Compass Clara House	1,114,802	-	-	1,114,802
Central City Access Point	1,175,909	-	(175,882)	1,000,027
Compass Family Resource Center	559,678	-	(47,353)	512,325
Compass Childcare Support Services	959,226	-	(87,940)	871,286
Neighbor Nest	215,049	-	-	215,049
Compass Clinical Services	851,203	-	(104,883)	746,320
Management and general	1,853,597	516,429	(67,647)	2,302,379
Fundraising	984,230	-	(67,647)	916,583
Total expenses	<u>14,125,019</u>	<u>516,429</u>	<u>(679,881)</u>	<u>13,961,567</u>
Change in net assets	3,787,442	167,683	-	3,955,125
Net assets, beginning of year	<u>16,933,265</u>	<u>706,964</u>	<u>-</u>	<u>17,640,229</u>
Net assets, end of year	<u>\$ 20,720,707</u>	<u>\$ 874,647</u>	<u>\$ -</u>	<u>\$ 21,595,354</u>

Compass Family Services
Statement of Cash Flows for Compass QALICB
For the Year Ended June 30, 2020

Cash flows from operating activities	
Change in net assets	\$ 167,683
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation and amortization	238,355
Changes in operating assets and liabilities	
Due to Compass Family Services	20,770
Deposits	<u>(469,880)</u>
Net cash used in operating activities	<u>(43,072)</u>
Cash flows from investing activities	
Purchase of property, equipment, and leasehold improvements	<u>(15,961)</u>
Net cash used in investing activities	<u>(15,961)</u>
Net decrease in cash, cash equivalents, and restricted cash	(59,033)
Cash, cash equivalents, and restricted cash, beginning of year	<u>799,858</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 740,825</u>
Cash, cash equivalents, and restricted cash consisted of the following:	
Cash and cash equivalents	\$ 78,538
Restricted cash - QALICB	<u>662,287</u>
	<u>\$ 740,825</u>

Single Audit Reports and Schedules



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*

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, which comprise the consolidated statement of financial position as of June 30, 2020, 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 financial statements, and have issued our report thereon dated February 15, 2021.

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 consolidated 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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Compass Family Services' consolidated financial statements are free from material misstatement, we performed tests of their 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss Adams LLP

San Francisco, California
February 15, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited Compass Family Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each major federal program for the year ended June 30, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Compass Family Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Compass Family Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Compass Family Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Compass Family Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Compass Family Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Compass Family Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Compass Family Services' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Moss Adams LLP

San Francisco, California
February 15, 2021

Compass Family Services
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number/ Program Number	Expenditures
<u>Expenditures of Federal Awards</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			
Compass SF HOME - Hosuing Access Program	14.235	CA1234L9T011300/00 00065654	\$ 34,661
Continuum of Care Program:			
Compass SF HOME - Rapid Rehousing I	14.267	CA1521L9T011600	302,683
Compass SF Home - Rapid Rehousing II	14.267	CA1534L9T011600/10 00012674	50,737
Compass Connecting Point - Homeless Family Access Point	14.267	1000008610	502,550
		Subtotal: Continuum of Care Program	<u>855,970</u>
Mayor's Office of Community Development			
Community Development Block Grants/Entitlement Grants Cluster	14.218	110900-18	75,000
Emergency Solutions Grant Program	14.231	1000011546	87,000
Emergency Solutions Grant Program	14.231	1000011545	40,000
		Subtotal: CFDA 14.231	<u>127,000</u>
Total U.S. Department of Housing and Urban Development			<u>1,092,631</u>
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	1581-7A	<u>47,952</u>
Total U.S. Department of Agriculture			<u>47,952</u>
U.S. Department of Health and Human Services			
Pass-through program from:			
California Department of Education			
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care			
and Development Fund	93.596	CCTR-9212/CSPP- 9484	115,649
Child Care and Development Block Grant	93.575	CCTR-9212/CSPP- 9484	53,163
		Subtotal CCDF Cluster	<u>168,812</u>
Total U.S. Department of Health and Human Services			<u>\$ 168,812</u>

Compass Family Services
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2020

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	\$ 19,000
Total U.S. Department of Homeland Security			19,000
Total Expenditures of Federal Awards			\$ 1,328,395
<u>Expenditures of State Awards</u>			
Proposition 10			
San Francisco Children & Families Commission			
First 5 San Francisco	n/a		116,982
California Department of Education			
Child Development Division			
General Child Care and Development Programs	n/a	CCTR-9212	223,566
California State Preschool Program	n/a	CSPP-9484	389,697
Child Care Food Program - Center State meal reimbursement	n/a	1581-7A	6,410
			619,673
Pass-through program from:			
First5 - San Francisco Children & Families Commission:			
California Department of Education			
WuYee - Cleaning Supplies for Childcare Providers			4,744
California State Preschool Program			
Quality Rating and Improvement System	n/a		7,949
Washoe Native TANF Program (OECE)	n/a		2,390
			15,083
Total Expenditures of State Awards			751,738
Total Expenditures of Federal and State Awards			\$ 2,080,133

Compass Family Services
Notes to Schedule of Expenditures of Federal and State Awards
June 30, 2020

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, 2020. 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. 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 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, 2020.

Compass Family Services
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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:

CFDA Numbers	Name of Major Federal Program or Cluster	Type of Auditor's Report Issued on Compliance for Major Federal Programs
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

None reported

Section III - Federal Award Findings and Questioned Costs

None reported



Finding number:	2019-001
CFDA number:	14.267
CFDA title:	Continuum of Care Program
Federal award identification number and year:	1000008610/ 2019
Name of federal agency:	U.S. Department of Housing and Urban Development
Name of pass-through entity:	City and County of San Francisco
Criteria:	Pursuant to program requirements, a quarterly recertification of participants and verification of monthly income is required.
Condition:	A sample of eight tenant files were selected for testing. For four of eight tenant files tested, the quarterly recertification form was not completed or signed by the Program Director. For three of eight tenant files tested, the tenant's monthly income was not verified.
Status:	Management instituted policies and procedures around quarterly recertification of participants and verification of monthly income, and ensured that all recertification and verification are completed appropriately and timely.

Supporting Schedules
Required by the California Department of Education

Compass Family Services

General Information

For the Year Ended June 30, 2020

Center Name	Compass Children's Center
Contract Numbers	CCTR-3214 CSPP-9484
Contract Number	38-B588-00-8
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, 2019 through June 30, 2020
Number of Operations Days of Agency	
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, 2020

	Child Development Funds	Other Funds	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 4,141,245	\$ 4,141,245
Designated cash	668,304	1,704,445	2,372,749
Designated cash - QALICB	-	329,094	329,094
Grant receivable	80,744	2,163,106	2,243,850
Contributions receivable, net	100,420	1,683,221	1,783,641
Other accounts receivable	-	6,459	6,459
Prepaid expenses	-	110,741	110,741
Investments	-	202,950	202,950
Client funds held in trust, current portion	<u>-</u>	<u>1,689</u>	<u>1,689</u>
Total current assets	<u>849,468</u>	<u>10,342,950</u>	<u>11,192,418</u>
Noncurrent assets			
Replacement reserve	23,173	311,637	334,810
Operating reserve	-	83,182	83,182
Client funds held in trust, net of current portion	-	9,635	9,635
Designated cash - QALICB, net of current portion	-	333,193	333,193
Other assets	-	34,836	34,836
Contributions receivable, net of current portion	-	125,855	125,855
NMTC leverage loan receivable	-	10,434,220	10,434,220
Endowment investments	-	473,463	473,463
Property and equipment, net	<u>2,116,303</u>	<u>16,491,118</u>	<u>18,607,421</u>
Total noncurrent assets	<u>2,139,476</u>	<u>28,297,139</u>	<u>30,436,615</u>
Total assets	<u>\$ 2,988,944</u>	<u>\$ 38,640,089</u>	<u>\$ 41,629,033</u>

Compass Family Services
Combining Statement of Financial Position (Continued)
For the Year Ended June 30, 2020

	Child Development Funds	Other Funds	Total
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	\$ 53,293	\$ 667,131	\$ 720,424
Deferred revenue	52,068	97,423	149,491
Client funds	-	1,689	1,689
Current portion of notes payable	-	1,364,972	1,364,972
Total current liabilities	<u>105,361</u>	<u>2,131,215</u>	<u>2,236,576</u>
Long-term liabilities			
Client funds held in trust, net of current portion	-	9,635	9,635
Notes payable, net	-	3,138,071	3,138,071
Notes payable, NMTC, net	-	14,649,397	14,649,397
Due to/from other funds	<u>(343,932)</u>	<u>343,932</u>	<u>-</u>
Total long-term liabilities	<u>(343,932)</u>	<u>18,141,035</u>	<u>17,797,103</u>
Total liabilities	<u>(238,571)</u>	<u>20,272,250</u>	<u>20,033,679</u>
Net assets			
Without donor restrictions	2,161,791	15,168,333	17,330,124
With donor restrictions	<u>1,065,724</u>	<u>3,199,506</u>	<u>4,265,230</u>
Total net assets	<u>3,227,515</u>	<u>18,367,839</u>	<u>21,595,354</u>
Total liabilities and net assets	<u>\$ 2,988,944</u>	<u>\$ 38,640,089</u>	<u>\$ 41,629,033</u>

Compass Family Services
Combining Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions							With Donor Restrictions				Total	
	CCTR-9214	CSPP-9484	Compass	Compass	All Other	Total Without	Compass	All Other	Total With	Total	Compass	Compass	Compass
			Children's	Center - Other	Compass	Donor	Children's	Compass	Donor	Compass	Children's		
Revenues and support:													
Per CDE fiscal report													
CDE restricted revenue													
Child Care Food Program #04457-CACFP-38-NP-CS	\$ 18,496	\$ 29,456	\$ 6,410	\$ 54,362	\$ -	\$ 54,362	\$ -	\$ -	\$ -	\$ 54,362	\$ 54,362	\$ 54,362	\$ 54,362
Other	118,542	188,790	-	307,332	-	307,332	-	-	-	307,332	307,332	307,332	307,332
Government grants													
Contributions (earned)	-	-											
Subtotal CDE restricted	137,038	218,246	6,410	361,694	-	361,694	-	-	-	361,694	361,694	361,694	361,694
CDE unrestricted revenue													
Program service fees (Family Fees - certified)	5,761	2,546	-	8,307	-	8,307	-	-	-	8,307	8,307	8,307	8,307
Program service fees (Family Fees - noncertified)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	177,576	282,806	-	460,382	-	460,382	-	-	-	460,382	460,382	460,382	460,382
Government grants	184,039	241,787	-	425,826	-	425,826	-	-	-	425,826	425,826	425,826	425,826
Contributions (earned)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment income (non CDE funds)	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal unrestricted	367,376	527,139	-	894,515	-	894,515	-	-	-	894,515	894,515	894,515	894,515
CDE supplemental													
Government grants	1,830	10,067	-	11,897	-	11,897	-	-	-	11,897	11,897	11,897	11,897
Contributions (earned)	250,851	325,938	-	575,789	-	576,789	-	-	-	576,789	576,789	576,789	576,789
Contributions (in-kind)	22,680	36,120	-	58,800	-	58,800	-	-	-	58,800	58,800	58,800	58,800
Interest and investment income (non CDE funds)	475	756	-	1,231	-	1,231	-	-	-	1,231	1,231	1,231	1,231
Realized and unrealized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal supplemental	44	69	-	113	-	113	-	-	-	113	113	113	113
Total supplemental	275,880	372,950	-	648,830	-	648,830	-	-	-	648,830	648,830	648,830	648,830
GAAP additions and adjustments:													
California Dept of Education - CCTR-9214	392,378	-	-	392,378	-	392,378	-	-	-	392,378	392,378	392,378	392,378
California Dept of Education - CSPP-9484	-	389,697	-	389,697	-	389,697	-	-	-	389,697	389,697	389,697	389,697
Government grants	-	-	(6,410)	(6,410)	6,767,557	6,767,557	6,767,557	6,767,557	-	(6,410)	(6,410)	6,767,557	6,767,557
Contributions (earned) - subtract CDE report amounts	-	-	(1,002,615)	(1,002,615)	(1,002,615)	(1,002,615)	(1,002,615)	(1,002,615)	-	(1,002,615)	(1,002,615)	(1,002,615)	(1,002,615)
Contributions (received)	-	-	-	-	3,957,803	3,957,803	3,957,803	3,957,803	554,250	3,212,756	3,212,756	3,767,006	554,250
Contributed services	-	-	-	-	251,231	251,231	251,231	251,231	-	-	-	-	251,231
Contributions (in-kind)	-	-	-	-	566,829	566,829	566,829	566,829	-	-	-	-	566,829
Special events	-	-	-	-	662,742	662,742	662,742	662,742	-	-	-	-	662,742
Program service fee - other, CCC subtract MPHaas fee assistance	-	-	-	-	19,819	19,819	19,819	19,819	-	-	-	-	19,819
NMTC Leverage Loan Interest	-	-	-	-	207,109	207,109	207,109	207,109	-	-	-	-	207,109
Interest and investment income	-	-	-	-	19,423	19,423	19,423	19,423	-	11,333	11,333	11,333	11,333
Realized and unrealized gain (loss) on investments	-	-	-	-	5,184	5,184	5,184	5,184	-	2,048	2,048	2,048	2,048
Other income	-	-	-	-	519	519	519	519	-	-	-	-	519
Subtotal	1,172,672	1,508,032	(996,205)	1,684,499	12,458,216	14,142,715	14,142,715	554,250	3,226,137	3,780,387	3,780,387	2,238,749	17,923,102
Net assets released from restriction													
Satisfaction of program restrictions	-	-	702,850	702,850	2,365,122	3,067,972	(702,850)	(2,365,122)	(3,067,972)	-	-	-	-
Satisfaction of restrictions on long-lived assets	-	-	13,500	13,500	44,036	57,536	(13,500)	(44,036)	(57,536)	-	-	-	-
Total revenues and support	1,172,672	1,508,032	(279,855)	2,400,849	14,867,374	17,268,223	(162,100)	816,979	654,879	2,238,749	2,238,749	17,923,102	17,923,102
Expenses													
Salaries and wages	559,871	674,779	-	1,234,650	4,652,196	5,886,846	-	-	-	1,234,650	1,234,650	5,886,846	5,886,846
Employee benefits	208,628	251,688	-	460,516	1,380,612	1,841,128	-	-	-	460,516	460,516	1,841,128	1,841,128
Professional fees	73,336	32,876	-	106,212	427,044	533,256	-	-	-	106,212	106,212	533,256	533,256
Housing Assistance	-	-	-	-	1,656,969	1,656,969	1,656,969	1,656,969	-	-	-	-	1,656,969
Client assistance	39,693	59,063	-	98,756	1,325,398	1,424,154	-	-	-	98,756	98,756	1,424,154	1,424,154
Rent and occupancy	35,286	54,255	-	89,541	328,451	417,992	-	-	-	89,541	89,541	417,992	417,992
Office supplies	1,163	1,662	-	2,825	18,088	20,913	-	-	-	2,825	2,825	20,913	20,913
Program expenses	48,066	73,884	-	121,950	100,497	222,447	-	-	-	121,950	121,950	222,447	222,447
Telephone	14,373	20,319	-	34,692	94,102	128,794	-	-	-	34,692	34,692	128,794	128,794
Insurance	6,551	10,266	-	16,817	65,970	82,787	-	-	-	16,817	16,817	82,787	82,787
Equipment maintenance	3,759	5,708	-	9,467	117,493	126,960	-	-	-	9,467	9,467	126,960	126,960
Printing, postage	1,529	2,179	-	3,708	25,816	29,524	-	-	-	3,708	3,708	29,524	29,524
Travel and conferences, training	2,403	2,812	-	5,215	58,067	63,282	-	-	-	5,215	5,215	63,282	63,282
Interest	-	-	-	-	425,007	425,007	-	-	-	-	-	-	425,007
Miscellaneous	8,846	10,421	-	19,267	241,897	261,164	-	-	-	19,267	19,267	261,164	261,164
Contributed services	-	-	-	-	171,526	171,526	-	-	-	-	-	-	171,526
Cost of special event	-	-	-	-	467,829	467,829	-	-	-	-	-	-	467,829
Depreciation and amortization	55,299	88,069	-	143,368	3,732	147,100	-	-	-	143,368	143,368	147,100	147,100
Loss on retirement of fixed assets	-	-	-	-	53,892	53,892	-	-	-	-	-	-	53,892
Administrative costs	147,673	175,389	-	323,062	(323,062)	-	-	-	-	-	-	-	323,062
Total expenses	1,206,676	1,463,370	-	2,670,046	11,291,524	13,961,570	-	-	-	-	-	-	2,670,046
Change in net assets	(34,004)	44,662	(279,855)	(269,197)	3,575,850	3,306,653	(162,100)	816,979	654,879	(431,297)	(431,297)	(431,297)	3,961,532
Net assets at beginning of year	(1,737,551)	(1,747,925)	5,992,754	2,507,280	11,522,600	14,029,881	1,157,934	2,452,417	3,610,351	3,665,214	3,665,214	17,640,229	17,640,229
Net assets at end of year	\$ (1,771,555)	\$ (1,703,263)	\$ 5,712,899	\$ 2,238,083	\$ 15,098,450	\$ 17,336,534	\$ 995,834	\$ 3,269,396	\$ 4,265,230	\$ 3,233,917	\$ 3,233,917	\$ 21,601,761	\$ 21,601,761

Compass Family Services**Combining Schedule of Claimed Renovation and Repair Expenditures****For the Year Ended June 30, 2020**

	Center Child Development Program and Childcare Food Program	Instructional Materials and Supplies	Total
Unit cost under \$5,000			
Item	\$ -	\$ -	\$ -
Unit cost over \$5,000 (with CDE approval)			
Item	-	-	-
Unit cost over \$5,000 (without CDE approval)			
Item	-	-	-
	\$ -	\$ -	\$ -

Compass Family Services
Combining Schedule of Claimed Equipment Expenditures
For the Year Ended June 30, 2020

	Center Child Development Program and Childcare Food Program	Instructional Materials and Supplies	Total
Unit cost under \$5,000			
Item	\$ -	\$ -	\$ -
Unit cost over \$5,000 (with CDE approval)			
Item	- -	- -	- -
Unit cost over \$5,000 (without CDE approval)			
Item	- -	- -	- -
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Compass Family Services**Combining Schedule of Claimed Administrative Costs****For the Year Ended June 30, 2020**

	<u>CCTR-9212</u>	<u>CSPP-9484</u>	<u>Child Care Food Program</u>	<u>Total</u>
Indirect costs	\$ 81,351	\$ 93,922	\$ 4,359	\$ 179,632
Reconciliation to Attendance and Fiscal Reports	<u>1,681</u>	<u>2,678</u>	<u>(4,359)</u>	<u>-</u>
	<u><u>\$ 83,032</u></u>	<u><u>\$ 96,600</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 179,632</u></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, 2020

	CCTR-9212			CSPP-9484			Total Child Development	CACFP	Total CCC
	Reimbursable	Supplemental	Total	Reimbursable	Supplemental	Total			
1000 CERTIFIED SALARIES									
1100 Teacher's salaries	\$ 323,622	\$ 6,688	\$ 330,310	\$ 305,794	\$ 30,082	\$ 335,876	\$ 666,186	\$ -	\$ 666,186
1200 Administrators salaries	65,117	35	65,152	97,775	56	97,831	162,983	-	162,983
1300 Supervisor's salaries	57,315	-	57,315	62,326	-	62,326	119,641	-	119,641
1900 Other certified salaries	4,708	20,577	25,285	12,039	28,317	40,356	65,641	-	65,641
	450,762	27,300	478,062	477,934	58,455	536,389	1,014,451	-	1,014,451
2000 CLASSIFIED SALARIES									
2100 Instructional aide's salaries	48,606	-	48,606	71,931	-	71,931	120,537	-	120,537
2300 Clerical and other office salaries	10,592	1,234	11,826	16,567	1,931	18,498	30,324	-	30,324
2400 Maintenance/operations salaries	-	13,899	13,899	-	36,265	36,265	50,164	-	50,164
2500 Food service salaries	7,478	-	7,478	11,696	-	11,696	19,174	-	19,174
	66,676	15,133	81,809	100,194	38,196	138,390	220,199	-	220,199
3000 EMPLOYEE BENEFITS									
3300 Social Security	31,837	2,611	34,448	35,571	5,947	41,518	75,966	-	75,966
3400 Health and welfare benefits	109,286	8,962	118,248	122,104	20,413	142,517	260,765	-	260,765
3500 State Unemployment	-	-	-	-	-	-	-	-	-
3600 Workers' compensation	9,904	812	10,716	11,066	1,850	12,916	23,632	-	23,632
3900 Other benefits	41,974	3,442	45,416	46,897	7,840	54,737	100,153	-	100,153
	193,001	15,827	208,828	215,638	36,050	251,688	460,516	-	460,516
4000 BOOKS, SUPPLIES AND EQUIPMENT									
4200 Books other than textbooks	12,108	17,917	30,025	12,679	25,924	38,603	68,628	-	68,628
4300 Instructional material and supplies	2,004	2,312	4,316	7,819	4,985	12,804	17,120	-	17,120
4710 Food	5,910	10,576	16,486	9,909	6,912	16,821	33,307	43,593	76,900
4790 Other food service supplies	1,352	147	1,499	2,236	-	2,236	3,735	-	3,735
	21,374	30,952	52,326	32,643	37,821	70,464	122,790	43,593	166,383
5000 SERVICES/OTHER OPERATING EXPENSES									
5200 Travel, conferences, and other	1,228	1,746	2,974	1,858	1,846	3,704	6,678	-	6,678
5400 Insurance	225	6,326	6,551	9,899	367	10,266	16,817	-	16,817
5500 Utilities and housekeeping	40,128	9,529	49,657	63,875	10,699	74,574	124,231	-	124,231
5700 Legal, election and audit	28,978	44,358	73,336	15,455	17,421	32,876	106,212	-	106,212
5800 Other services and operating expenses (training)	11,106	3,022	14,128	15,894	2,409	18,303	32,431	-	32,431
	81,665	64,981	146,646	106,981	32,742	139,723	286,369	-	286,369
OTHER									
Depreciation or use allowance	22,991	-	22,991	36,615	-	36,615	59,606	-	59,606
Indirect - Administrative	81,351	64,643	145,994	93,922	78,789	172,711	318,705	4,359	323,064
Nonreimbursables	-	51,523	51,523	-	82,107	82,107	133,630	-	133,630
	104,342	116,166	220,508	130,537	160,896	291,433	511,941	4,359	516,300
Total expenditures by state categories	917,820	270,359	1,188,179	1,063,927	364,160	1,428,087	2,616,266	47,952	2,664,218
Costs related to Child Care Food Program	18,496	-	18,496	35,283	-	35,283	53,779	(47,952)	5,827
Total of reimbursable and nonreimbursable expenditures	\$ 936,316	\$ 270,359	\$ 1,206,675	\$ 1,099,210	\$ 364,160	\$ 1,463,370	\$ 2,670,045	\$ -	\$ 2,670,045

Compass Family Services
Audited Attendance and Fiscal Reports
For the Year Ended June 30, 2020

**California Department of Education
Audited Attendance and Fiscal Report
for Child Development Programs**

A U D 9500 Page 1 of 8

Fiscal Year Ending	June 30, 2020
Contract Number	CCTR-9212
Vendor Code	B588

Full Name of Contractor **COMPASS FAMILY SERVICES**

Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	0
Infants (up to 18 months) Full-time	1,928		1,928	2.4400	4,704.32
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time	1,586		1,586	1.8000	2,854.8
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **COMPASS FAMILY SERVICES****Section 1 - Days of Enrollment Certified Children (continued)**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
TOTAL CERTIFIED DAYS OF ENROLLMENT	3,514		3,514	N/A	7,559.12
 DAYS OF OPERATION	246		246	N/A	N/A
 DAYS OF ATTENDANCE	3,367		3,367	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-4) and continue to Revenue Section on page 5.

Full Name of Contractor **COMPASS FAMILY SERVICES****Section 2 - Days of Enrollment Non-Certified Children**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	0
Infants (up to 18 months) Full-time	1,738		1,738	2.4400	4,240.72
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time	952		952	1.8000	1,713.6
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **COMPASS FAMILY SERVICES****Section 2 - Days of Enrollment Non-Certified Children (continued)**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	2,690		2,690	N/A	5,954.32

Full Name of Contractor **COMPASS FAMILY SERVICES****Section 3 - Revenue**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	18,496		18,496
Restricted Income - County Maintenance of Effort (EC Section 8279)			0
Restricted Income - Other: government	118,542		118,542
Restricted Income - Subtotal	137,038	0	137,038
Transfer From Reserve			0
Family Fees for Certified Children	5,761		5,761
Interest Earned on Child Development Apportionment Payments			0
Unrestricted Income - Fees for Non-Certified Children			0
Unrestricted Income - Head Start			0
Unrestricted Income - Other: government, contributions	361,615		361,615
Total Revenue	504,414	0	504,414

Comments: n/a

Full Name of Contractor **COMPASS FAMILY SERVICES****Section 4 - Reimbursable Expenses**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	438,320	12,442	450,762
2000 Classified Salaries	66,676		66,676
3000 Employee Benefits	185,887	7,114	193,001
4000 Books and Supplies	36,491	1,698	38,189
5000 Services and Other Operating Expenses	80,509	1,156	81,665
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance	22,991		22,991
Start-up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs (include in Total Administrative Cost)	80,788	2,244	83,032
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	911,662	24,654	936,316
Total Administrative Cost (included in Section 4 above)	80,788	2,244	83,032
Total Staff Training Cost (included in Section 4 above)			0

Approved Indirect Cost Rate: **10%** NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **COMPASS FAMILY SERVICES****Section 5 - Supplemental Revenue**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding	1,830		1,830
Other: contributions	271,568	2,481	274,049
Other:			
Total Supplemental Revenue	273,398	2,481	275,879

Section 6 - Supplemental Expenses

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries	39,742	-12,443	27,299
2000 Classified Salaries	15,134		15,134
3000 Employee Benefits	20,200	-4,373	15,827
4000 Books and Supplies	32,649	-1,698	30,951
5000 Services and Other Operating Expenses	61,993	2,988	64,981
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	65,852	-1,209	64,643
Non-Reimbursable Supplemental Expenses	37,828	13,696	51,524
Total Supplemental Expenses	273,398	-3,039	270,359

Full Name of Contractor **COMPASS FAMILY SERVICES****Section 7 - Summary**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	3,514		3,514
Days of Operation	246	0	246
Days of Attendance	3,367	0	3,367
Restricted Program Income	137,038	0	137,038
Transfer from Reserve	0	0	0
Family Fees for Certified Children	5,761	0	5,761
Interest Earned on Child Development Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	911,662	24,654	936,316
Total Administrative Cost	80,788	2,244	83,032
Total Staff Training Cost	0	0	0

Total Certified Adjusted Days of Enrollment **7,559.12**Total Non-Certified Adjusted Days of Enrollment **5,954.32**

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

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): **YES**

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **YES**

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

**California Department of Education
Audited Attendance and Fiscal Report for
California State Preschool Programs
San Francisco Pilot**

A U D 8501-SF Page 1 of 8

Fiscal Year Ending	June 30, 2020
Contract Number	CSPP-9484
Vendor Code	B588

Full Name of Contractor **Compass Family Services**

Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	4,363		4,363	1.0000	4,363
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6772	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time	212		212	1.5400	326.48
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				1.0429	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	2,694		2,694	1.1000	2,963.4
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6772	0

Full Name of Contractor **Compass Family Services****Section 1 - Days of Enrollment Certified Children (continued)**

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6772	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.3070	0
TOTAL DAYS OF ENROLLMENT	7,269	0	7,269	N/A	7,652.88
DAYS OF OPERATION	246	0	246	N/A	N/A
DAYS OF ATTENDANCE	6,850	0	6,850	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor **Compass Family Services****Section 2 - Days of Enrollment Non-Certified Children**

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	1,567		1,567	1.0000	1,567
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6772	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				1.0429	0

Full Name of Contractor **Compass Family Services****Section 2 - Days of Enrollment Non-Certified Children (continued)**

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	694		694	1.1000	763.4
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6772	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6772	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.3070	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	2,261	0	2,261	N/A	2,330.4

Full Name of Contractor **Compass Family Services****Section 3 - Revenue**

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	29,456		29,456
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other: government	188,790		188,790
Restricted Income - Subtotal	218,246	0	218,246
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Transfer from Reserve Total	0		0
Family Fees for Certified Children	2,546		2,546
Interest Earned on Child Development Apportionment Payments			0
Unrestricted Income - Fees for Non-Certified Children			0
Unrestricted Income - Head Start			0
Unrestricted Income - Other: government, contributions	524,594		524,594
Total Revenue	745,386	0	745,386

Comments: n/a

Full Name of Contractor **Compass Family Services****Section 4 - Reimbursable Expenses**

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	467,637	10,297	477,934
2000 Classified Salaries	100,194		100,194
3000 Employee Benefits	209,016	6,622	215,638
4000 Books and Supplies	52,502	12,746	65,248
5000 Services and Other Operating Expenses	78,631	28,350	106,981
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
Budget Impasse Credit			0
Indirect Costs (include in Total Administrative Cost)	90,798	5,802	96,600
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	1,035,393	63,817	1,099,210
Total Administrative Cost (included in Section 4 above)	90,798	5,802	96,600
Total Staff Training Cost (included in Section 4 above)			0

Approved Indirect Cost Rate: **10%** NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **Compass Family Services****Section 5 - Supplemental Revenue**

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding	15,087	-5,020	10,067
Other: contributions	381,305	-18,421	362,884
Other:			
Total Supplemental Revenue	396,392	-23,441	372,951

Section 6 - Supplemental Expenses

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries	68,752	-10,297	58,455
2000 Classified Salaries	38,195		38,195
3000 Employee Benefits	39,367	-3,317	36,050
4000 Books and Supplies	50,266	-12,446	37,820
5000 Services and Other Operating Expenses	56,244	-23,503	32,741
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	83,323	-4,534	78,789
Non-Reimbursable Supplemental Expenses	60,245	21,865	82,110
Total Supplemental Expenses	396,392	-32,232	364,160

Full Name of Contractor **Compass Family Services****Section 7 - Summary**

	Column A Cumulative CDNFS 8501-SF	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	7,269	0	7,269
Days of Operation	246	0	246
Days of Attendance	6,850	0	6,850
Restricted Program Income	218,246	0	218,246
Transfer from Reserve	0		0
Family Fees for Certified Children	2,546	0	2,546
Interest Earned on Apportionment Payments	0		0
Direct Payments to Providers	0		0
Start-up Expenses (service level exemption)	0		0
Total Reimbursable Expenses	1,035,393	63,817	1,099,210
Total Administrative Cost	90,798	5,802	96,600
Total Staff Training Cost	0	0	0

Total Certified Adjusted Days of Enrollment

7,652.88

Total Non-Certified Adjusted Days of Enrollment

2,330.4

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 Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Yes

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Yes

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.



MOSSADAMS