

Reports of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Compass Family Services

June 30, 2025 and 2024

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Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Compass Family Services (the “Compass”), which comprise the consolidated statements of financial position as of June 30, 2025, and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Compass Family Services as of June 30, 2025, and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Compass and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Compass Family Services’ ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Compass's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Compass's ability to continue as a going concern for a reasonable period of time.

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

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 33 to 41 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 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* (“Uniform Guidance”), and other supplementary information on pages 42 to 75 as required by the *Audit Guides* issued by the California Department of Education (CDE) and California Department of Social Services (CDSS), is also presented for purposes of additional analysis, as required by the California Department of Education and California Department of Social Service Audit Guides, 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 GAAS. 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 December 18, 2025, 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.

Baker Tilly US, LLP

San Francisco, California
December 18, 2025

Consolidated Financial Statements

Compass Family Services
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,191,096	\$ 1,848,113
Restricted cash	1,077,004	1,097,378
Government grants receivable	6,343,536	6,884,697
Contributions receivable, net	1,655,556	1,115,837
Other receivable	5,904	81,929
Prepaid expenses and other assets	201,456	210,267
Investments	8,479,638	7,752,211
Client funds held in trust	38,084	52,317
	19,992,274	19,042,749
NONCURRENT ASSETS		
Cash - replacement reserves	459,129	446,846
Investments - replacement reserves	508,178	465,406
Cash - operating reserve	85,781	84,914
NMTC leverage loan receivable	-	10,434,220
Endowment investments	650,833	587,248
Operating lease right-of-use assets	1,882,925	1,465,889
Finance lease right-of-use assets	12,300	36,899
Property, equipment, and leasehold improvements, net	16,867,190	17,353,099
	20,466,336	30,874,521
	\$ 40,458,610	\$ 49,917,270

See accompanying notes.

Compass Family Services
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,798,648	\$ 2,177,465
Deferred revenue	6,000,436	1,383,424
Client funds held in trust	38,084	52,317
Loan payable, current portion	5,677	9,841
Operating lease liability, current portion	225,479	219,362
Finance lease liability, current portion	14,600	24,490
Notes payable - NMTC, current portion	-	2,492,806
	<u>9,082,924</u>	<u>6,359,705</u>
NONCURRENT LIABILITIES		
Operating lease liability, net of current portion	1,752,313	1,303,133
Finance lease liability, net of current portion	-	14,600
Notes payable - NMTC, net of current portion	-	12,211,746
	<u>1,752,313</u>	<u>13,529,479</u>
Total liabilities	<u>10,835,237</u>	<u>19,889,184</u>
NET ASSETS		
Without donor restrictions	24,712,399	25,099,567
With donor restrictions	4,910,974	4,928,519
	<u>29,623,373</u>	<u>30,028,086</u>
Total liabilities and net assets	<u>\$ 40,458,610</u>	<u>\$ 49,917,270</u>

See accompanying notes.

Compass Family Services
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	2025 Total
REVENUES, GAINS, AND OTHER SUPPORT			
Government grants	\$ 33,364,151	\$ -	\$ 33,364,151
Contributions	3,044,444	5,198,766	8,243,210
Contributed services	16,757	-	16,757
Special events	931,686	-	931,686
In-kind contributions	1,057,176	-	1,057,176
Program service fees	6,546	-	6,546
Interest and investment income, net	475,687	15,847	491,534
Realized and unrealized gain on investments	396,508	53,679	450,187
NMTC leverage loan interest	207,278	-	207,278
Net assets released from restriction	5,285,837	(5,285,837)	-
Total revenues, gains, and other support	<u>44,786,070</u>	<u>(17,545)</u>	<u>44,768,525</u>
EXPENSES			
Program services			
Compass SF Home	15,566,226	-	15,566,226
Compass Brief Stays	6,088,098	-	6,088,098
Compass Children's Center	4,479,408	-	4,479,408
Compass Behavioral Health Services	2,315,894	-	2,315,894
Compass C-RENT	2,008,658	-	2,008,658
Compass Clara House	1,702,004	-	1,702,004
Compass Family Shelter	1,485,189	-	1,485,189
Central City Access Point	1,336,523	-	1,336,523
Compass Family Resource Center	1,273,577	-	1,273,577
Compass C-WORK	754,186	-	754,186
Compass Childcare Support Services	727,704	-	727,704
Compass Permanent Supportive Housing at the Margot	311,032	-	311,032
Compass Housing Location Services	173,659	-	173,659
Total program services	<u>38,222,158</u>	<u>-</u>	<u>38,222,158</u>
Support services			
Management and general	5,310,532	-	5,310,532
Fundraising	1,640,548	-	1,640,548
Total support services	<u>6,951,080</u>	<u>-</u>	<u>6,951,080</u>
Total expenses	<u>45,173,238</u>	<u>-</u>	<u>45,173,238</u>
CHANGE IN NET ASSETS	<u>(387,168)</u>	<u>(17,545)</u>	<u>(404,713)</u>
NET ASSETS, beginning of year	<u>25,099,567</u>	<u>4,928,519</u>	<u>30,028,086</u>
NET ASSETS, end of year	<u>\$ 24,712,399</u>	<u>\$ 4,910,974</u>	<u>\$ 29,623,373</u>

See accompanying notes.

Compass Family Services
Consolidated Statements of Activities and Changes in Net Assets
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
REVENUES, GAINS, AND OTHER SUPPORT			
Government grants	\$ 23,074,992	\$ -	\$ 23,074,992
Contributions	2,269,138	3,169,417	5,438,555
Contributed services	64,428	-	64,428
Special events	628,710	-	628,710
In-kind contributions	902,304	-	902,304
Program service fees	15,637	-	15,637
Interest and investment income, net	336,063	15,847	351,910
Realized and unrealized gain on investments	279,688	50,442	330,130
NMTC leverage loan interest	207,109	-	207,109
Net assets released from restriction	3,460,503	(3,460,503)	-
	<u>31,238,572</u>	<u>(224,797)</u>	<u>31,013,775</u>
Total revenues, gains, and other support			
EXPENSES			
Program services			
Compass SF Home	9,850,671	-	9,850,671
Compass Children's Center	4,104,164	-	4,104,164
Compass Behavioral Health Services	1,969,199	-	1,969,199
Compass Clara House	1,636,800	-	1,636,800
Compass Family Shelter	1,435,435	-	1,435,435
Compass C-RENT	1,258,441	-	1,258,441
Compass Brief Stays	1,211,971	-	1,211,971
Compass Family Resource Center	980,105	-	980,105
Central City Access Point	947,056	-	947,056
Compass Childcare Support Services	660,867	-	660,867
Compass C-WORK	521,579	-	521,579
Compass Permanent Supportive Housing at the Margot	334,047	-	334,047
	<u>24,910,335</u>	<u>-</u>	<u>24,910,335</u>
Total program services			
Support services			
Management and general	4,170,398	-	4,170,398
Fundraising	1,579,814	-	1,579,814
	<u>5,750,212</u>	<u>-</u>	<u>5,750,212</u>
Total support services			
Total expenses	<u>30,660,547</u>	<u>-</u>	<u>30,660,547</u>
CHANGE IN NET ASSETS	578,025	(224,797)	353,228
NET ASSETS, beginning of year	<u>24,521,542</u>	<u>5,153,316</u>	<u>29,674,858</u>
NET ASSETS, end of year	<u>\$ 25,099,567</u>	<u>\$ 4,928,519</u>	<u>\$ 30,028,086</u>

See accompanying notes.

Compass Family Services

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services											Support Services					
	Compass Family Shelter	Compass Children's Center	Compass SF Home	Compass Clara House	Compass C-RENT	Central City Access Point	Compass Family Resource Center	Compass Housing Location Services	Compass C-WORK	Compass Childcare Support Services	Compass Permanent Supportive Housing at the Margot	Compass Behavioral Health Services	Compass Brief Slays	Total Program Services	Management and General	Fundraising	Total
Housing assistance	\$ 177,180	\$ -	\$ 10,831,693	\$ -	\$ 1,095,985	\$ 21,416	\$ -	\$ 43,074	\$ -	\$ -	\$ -	\$ 5,005,044	\$ 17,174,392	\$ -	\$ -	\$ 17,174,392	
Salaries and wages	603,342	2,532,580	2,542,990	897,448	508,086	687,028	550,805	54,329	340,240	460,814	185,478	1,473,220	614,338	11,450,698	2,380,353	870,311	14,701,362
Employee benefits	166,064	670,308	664,267	241,242	147,706	215,282	148,383	25,074	87,703	122,350	48,852	419,735	162,009	3,118,975	664,806	230,127	4,013,908
Client assistance - other	190,349	244,858	937,272	149,966	26,394	228,072	401,010	327	203,511	68,991	48,748	128,264	138,908	2,766,670	6,227	4,238	2,777,135
Professional fees	17,077	378,679	98,035	26,884	163,834	64,616	33,203	392	76,113	12,967	7,371	75,767	27,578	982,516	910,929	82,609	1,976,054
Rent and occupancy	60,621	145,270	229,441	122,199	34,604	56,602	71,402	34,690	26,947	38,092	-	145,372	66,218	1,031,458	-	50,958	1,082,416
Depreciation and amortization	54,750	150,549	8,496	129,423	1,180	1,826	1,377	-	1,030	1,284	720	2,803	1,989	355,427	249,712	36,970	642,109
Special events	-	1,766	-	50	-	561	-	-	317	-	-	-	-	2,694	3,554	284,820	291,068
Program expenses	143,215	194,139	-	66,026	279	3,574	17,155	5,134	106	879	3,493	3,094	2,709	439,803	1,272	564	441,639
Licenses and fees - technology	9,258	29,606	37,514	10,962	5,810	10,698	11,281	192	3,877	6,440	3,726	14,312	13,744	157,420	147,129	18,595	323,144
Equipment maintenance	21,123	22,185	21,939	6,994	6,847	15,740	13,232	6,992	1,896	1,842	7,132	16,310	14,048	156,280	94,200	9,365	259,845
Travel, training, and hiring	8,898	23,862	105,987	3,898	3,538	5,975	2,542	2,407	1,865	1,170	677	10,576	14,178	185,593	23,323	8,845	217,761
Interest expense	36	493	132	43	23	40	35	-	15	26	14	57	53	967	207,839	35	208,841
Insurance	6,373	20,564	23,618	7,764	3,998	7,067	6,137	-	2,628	4,519	2,623	10,042	9,392	104,625	55,588	6,199	169,412
Licenses and fees - other	1,011	7,009	9,628	2,115	488	947	3,167	12	3,442	295	586	1,200	30,025	98,342	21,517	149,884	
Telephone	11,542	32,355	20,654	22,897	3,889	5,093	4,489	-	2,083	3,555	1,165	10,071	3,096	120,889	11,956	4,638	137,483
Office supplies	4,388	3,050	9,893	691	1,313	3,505	2,511	706	554	1,013	292	3,465	6,139	37,520	13,322	4,722	55,564
Printing	282	1,957	1,070	339	177	3,111	401	71	116	278	111	444	6,031	14,388	51	6,035	20,474
Contributed services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,757	-	16,757
Miscellaneous	9,680	20,158	23,597	13,063	4,507	5,370	6,447	259	1,743	3,189	605	1,776	1,424	91,818	425,172	-	516,990
	<u>\$ 1,485,189</u>	<u>\$ 4,479,408</u>	<u>\$ 15,566,226</u>	<u>\$ 1,702,004</u>	<u>\$ 2,008,658</u>	<u>\$ 1,336,523</u>	<u>\$ 1,273,577</u>	<u>\$ 173,659</u>	<u>\$ 754,186</u>	<u>\$ 727,704</u>	<u>\$ 311,032</u>	<u>\$ 2,315,894</u>	<u>\$ 6,088,098</u>	<u>\$ 38,222,158</u>	<u>\$ 5,310,532</u>	<u>\$ 1,640,548</u>	<u>\$ 45,173,238</u>

See accompanying notes.

Compass Family Services Consolidated Statements of Functional Expenses Year Ended June 30, 2024

	Program Services											Support Services					
	Compass Family Shelter	Compass Children's Center	Compass SP Home	Compass Clara House	Compass C-RENT	Central City Access Point	Compass Family Resource Center	Compass Housing Location Services	Compass C-WORK	Compass Childcare Support Services	Compass Permanent Supportive Housing at the Margot	Compass Behavioral Health Services	Compass Brief Stays	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 609,859	\$ 2,316,690	\$ 1,861,371	\$ 834,378	\$ 383,471	\$ 498,896	\$ 609,308	\$ -	\$ 220,839	\$ 411,266	\$ 200,113	\$ 1,218,580	\$ 178,258	\$ 9,343,029	\$ 1,925,097	\$ 775,042	\$ 12,043,168
Housing assistance	174,415	-	6,015,770	-	624,843	3,844	-	-	-	-	788	-	902,670	7,722,330	-	-	7,722,330
Employee benefits	166,349	643,067	516,572	241,060	108,009	142,269	171,050	-	49,289	119,126	57,298	351,387	56,498	2,621,974	535,038	216,771	3,373,783
Client assistance - other	156,793	235,371	807,072	190,139	51,018	182,849	73,577	-	121,495	53,961	46,985	115,752	34,990	2,070,002	13,730	11,784	2,095,516
Professional fees	47,459	304,892	158,971	25,808	17,724	19,005	6,923	-	41,767	14,940	8,256	88,927	6,096	740,768	560,212	84,686	1,385,666
Depreciation and amortization	50,602	141,979	3,409	97,509	95	953	42	-	125	1,216	55	624	41	296,650	467,880	17,247	781,777
Program expenses	69,839	188,879	112,573	64,793	18,792	31,842	69,718	-	25,786	14,155	7,130	45,534	7,330	656,371	1,960	17,985	676,316
Rent and occupancy	90,552	118,920	54,275	97,492	21,735	24,722	24,055	-	28,349	22,019	11	57,018	1,069	540,217	102,614	26,174	669,005
Special events	-	96	-	-	-	-	11	-	-	-	-	-	-	107	256	271,294	271,657
Equipment maintenance	22,361	22,855	104,795	12,660	3,718	9,154	6,710	-	3,918	2,154	1,149	31,228	5,722	226,424	34,498	10,671	271,593
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	269,853	-	269,853
Travel, training, and hiring	7,433	31,382	89,386	16,996	7,246	2,547	2,841	-	5,100	1,476	1,554	12,267	9,597	187,825	26,837	7,759	222,421
Licenses and fees - technology	9,251	22,738	35,267	12,162	5,995	7,609	4,771	-	9,254	6,066	3,473	13,552	2,735	132,873	49,369	16,809	199,051
Miscellaneous	4,636	10,789	21,651	5,525	5,497	5,497	3,186	-	1,871	2,292	1,990	7,489	1,417	68,967	22,532	62,791	154,290
Telephone	13,516	30,495	22,717	23,205	5,071	4,872	3,087	-	4,349	4,307	1,529	10,612	1,538	125,298	16,889	9,073	151,260
Insurance	6,047	19,607	22,394	7,816	4,466	5,032	1,922	-	5,766	4,471	2,560	9,373	1,890	91,284	39,069	5,324	135,677
Licenses and fees - other	2,336	12,287	8,604	6,042	1,732	1,850	893	-	2,053	1,612	916	3,293	897	42,515	33,397	31,414	107,326
Contributed services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,366	1,062	64,428
Office supplies	3,886	2,373	15,395	1,086	1,889	5,969	1,980	-	1,524	1,671	198	3,410	1,177	40,558	5,645	1,076	47,279
Printing	101	1,744	449	129	73	146	31	-	94	135	42	153	46	3,143	2,156	12,852	18,151
	<u>\$ 1,435,435</u>	<u>\$ 4,104,164</u>	<u>\$ 9,850,671</u>	<u>\$ 1,636,800</u>	<u>\$ 1,258,441</u>	<u>\$ 947,056</u>	<u>\$ 980,105</u>	<u>\$ -</u>	<u>\$ 521,579</u>	<u>\$ 660,867</u>	<u>\$ 334,047</u>	<u>\$ 1,969,199</u>	<u>\$ 1,211,971</u>	<u>\$ 24,910,335</u>	<u>\$ 4,170,398</u>	<u>\$ 1,579,814</u>	<u>\$ 30,660,547</u>

See accompanying notes.

Compass Family Services
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (404,713)	\$ 353,228
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	642,109	781,777
Loss from disposal of property, equipment, and leasehold improvements	2,456	-
Net realized and unrealized losses on investments	(450,187)	(330,130)
Changes in operating assets and liabilities		
Government grants receivable	541,161	555,817
Contributions receivable	(539,719)	93,693
Other receivables	76,025	(81,929)
Prepaid expenses and other assets	8,811	97,660
Accounts payable and accrued expenses	621,183	213,285
Operating lease liability	34,093	56,606
Deferred revenue	364,383	(48,118)
	895,602	1,691,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment, and leasehold improvements	(120,265)	(528,010)
Proceeds from the sale of investments	1,525,974	5,834,673
Purchases of investments	(1,909,571)	(7,798,517)
	(503,862)	(2,491,854)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease liabilities	(24,490)	(249,385)
Payment on loans payable	(31,491)	(4,542)
	(55,981)	(253,927)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	335,759	(1,053,892)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	3,477,251	4,531,143
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	\$ 3,813,010	\$ 3,477,251

See accompanying notes.

Compass Family Services
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
CONSISTED OF THE FOLLOWING		
Cash and cash equivalents	\$ 2,191,096	\$ 1,848,113
Restricted cash	1,077,004	1,097,378
Cash - replacement reserves	459,129	446,846
Cash - operating reserves	85,781	84,914
Total cash, cash equivalents, and restricted cash	\$ 3,813,010	\$ 3,477,251
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	\$ 217,001	\$ 269,615
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Deferred gain recorded related to the bargain purchase on the NMTC notes payable	\$ 4,666,289	\$ -
Operating right-of-use asset in exchange for operating lease liability	\$ -	\$ 1,667,101

See accompanying notes.

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 and was established to help newcomers to San Francisco. Over the past 110 years, the mission evolved to what it is today – helping San Francisco families that are homeless or at risk of homelessness to achieve housing stability, economic self-sufficiency, and well-being. Each year, we help more than 6,500 parents and children in need.

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

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

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

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

Compass Location Services – provides housing search support to families who receive subsidies through Compass SF HOME and housing workshops and support for families who don't qualify for a housing program but are actively homeless or at risk of homelessness.

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

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

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

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

Compass C-WORK – Provides workforce development support including a dedicated training pathway for careers in Early Childhood Education, along with general workforce readiness and training referrals.

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

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

Compass Permanent Supportive Housing at the Margot – Provides supportive services and onsite children's programming for families housed at the Margot.

Compass Family Services

Notes to Consolidated Financial Statements

Compass Brief Stays – Provides short-term hotel stays to families when shelter is not available or not an option.

Note 2 – Summary of Significant Accounting Policies

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

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations. At June 30, 2025 and 2024, 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 are reported as net assets without donor restrictions or net assets with donor restrictions, depending on donor restrictions (if any).

Compass Family Services

Notes to Consolidated Financial Statements

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.

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

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

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

Donations to Compass' Adopt-A-Family program are considered contributions without donor restrictions because Compass has discretion over which families receive the support. The Adopt-A-Family program generated approximately \$389,890 and \$370,222 in gifts contributed to families during the years ended June 30, 2025 and 2024, and is recognized in the consolidated financial statements of activities and changes in net assets as contributions and expenses.

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

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

Cash and cash equivalents – Cash is defined as cash in demand deposit accounts as well as cash on hand. Compass does not include 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.

Compass Family Services

Notes to Consolidated Financial Statements

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 at June 30, are as follows:

	2025	2024
Leverage Loan Receipts	\$ 1,076,929	\$ 964,100
QALICB	75	133,278
	\$ 1,077,004	\$ 1,097,378

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

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

Receivables – Receivables are stated at the amount management expects to collect from outstanding balances. Unconditional contributions receivable are reported at fair value and recorded in the period received. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved and the period of time over which the contributions are expected to be collected. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. There were no material discounts recorded at June 30, 2025 and 2024.

An allowance for losses is provided based upon management’s judgment, current conditions, historical experiences, and other circumstances. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote. At June 30, 2025, the allowance for losses totaled \$65,231. At June 30, 2024, the allowance for losses totaled \$244,944.

At June 30, 2025 and 2024, management expects all government grants receivable and other receivables to be collectible within one year.

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

Fair value measurements – U.S. GAAP 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.

Compass Family Services

Notes to Consolidated Financial Statements

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 valued in excess of \$5,000 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	15–40 years
Leasehold improvements	20 years or life of lease*
Furniture and equipment	5 years

* Whichever is shorter

Impairment of long-lived assets – The long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of that asset. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carry value exceeds the fair value. There was no impairment of long-lived assets for the years ended June 30, 2025 and 2024.

Compass Family Services

Notes to Consolidated Financial Statements

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 released to net assets without donor restrictions.

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

At June 30, 2025 and 2024, QALICB expenses of \$603,337 and \$597,591, respectively, were included in management and general expenses in the consolidated statements of functional expenses.

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

Income taxes – Compass is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Taxation Code, respectively. Compass recognizes the effect of income tax positions only if those positions are more likely than not of being sustained and changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Compass has evaluated its current tax positions and has concluded that as of June 30, 2025 and 2024, 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, 2025 and 2024 was \$816,364 and \$735,906, respectively, and is included in accounts payable and accrued expenses in the consolidated statements of financial position.

Deferred gain on extinguishment of debt – At the end of the seven-year compliance period for the New Market Tax Credit (NMTC), the tax investor may sell its interest in the investment fund to Compass through a put/call agreement. As the sole owner of the Investment Fund, Compass can direct the Community Development Entities to liquidate and distribute their QLICI loans to the Investment Fund, and as owner of the Investment Fund, Compass can elect to forgive Loan B1 and Loan B2, which corresponds to the NMTC Tax Credit equity provided by the tax investor.

In 2025, the seven-year NMTC compliance period concluded and Compass exercised the call/put option and acquired its own debt from the NMTC tax investor at a discounted price. At June 30, 2025, Compass recorded deferred gains on the extinguishment of debt in the amount of \$4,666,289 included in deferred revenue in the statements of financial position, subject to Compass' board approval of the forgiveness of debt.

Compass Family Services

Notes to Consolidated Financial Statements

Reclassifications – Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements. These reclassifications did not have an impact on net asset amounts.

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 \$9,481 until the reserve amount reaches \$247,104. At June 30, 2025 and 2024, the excess reserve of \$178,217 and \$172,617, respectively, is held in the Compass Clara House reserve account, based on management's discretion.

Compass' established a reserve for replacement and repair of property and equipment for the Compass Children's Center building. There are no additional external funding requirements. At June 30, 2025 and 2024, \$508,178 and \$465,406, respectively, of the reserve balance is included within total investments.

Changes in the replacement reserve accounts are as follows for the years ended June 30, 2025 and 2024:

	2025		
	Compass Clara House	Compass Children's Center	Total
Balance, beginning of year	\$ 419,721	\$ 492,531	\$ 912,252
Dividend/interest received, net of bank fees	5,600	17,295	22,895
Fees	-	(1,276)	(1,276)
Realized/unrealized gain	-	33,436	33,436
Balance, end of year	<u>\$ 425,321</u>	<u>\$ 541,986</u>	<u>\$ 967,307</u>
	2024		
	Compass Clara House	Compass Children's Center	Total
Balance, beginning of year	\$ 414,195	\$ 447,323	\$ 861,518
Dividend/interest received, net of bank fees	5,526	15,991	21,517
Fees	-	(1,153)	(1,153)
Realized/unrealized gain	-	30,370	30,370
Balance, end of year	<u>\$ 419,721</u>	<u>\$ 492,531</u>	<u>\$ 912,252</u>

Compass Family Services

Notes to Consolidated Financial Statements

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

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

Changes in the operating reserve accounts are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 84,914	\$ 83,823
Dividend/interest received	<u>867</u>	<u>1,091</u>
Balance, end of year	<u><u>\$ 85,781</u></u>	<u><u>\$ 84,914</u></u>

Note 4 – Contributions Receivable

Contributions receivable consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Receivable in one year or less	<u><u>\$ 1,655,556</u></u>	<u><u>\$ 1,115,837</u></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.

Compass Family Services
Notes to Consolidated Financial Statements

Note 5 – Property and Equipment, Net

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

	2025	2024
Nondepreciable		
Land	\$ 6,288,000	\$ 6,288,000
Construction in progress	8,498	34,700
Depreciable		
Building	14,172,746	14,318,053
Building improvements	1,661,533	1,572,145
Furniture and equipment	944,491	956,270
Leasehold improvements	991,106	1,000,220
Total property, equipment, and leasehold improvements	24,066,374	24,169,388
Less accumulated depreciation	(7,199,184)	(6,816,289)
Total property, equipment, and leasehold improvements, net	\$ 16,867,190	\$ 17,353,099

Depreciation expenses for the years ended June 30, 2025 and 2024, was \$603,718 and \$541,747, respectively.

Note 6 – Investments

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

	2025	2024
Bond mutual funds	\$ 1,842,375	\$ 1,806,354
Exchange traded funds	4,411,802	2,746,813
Equity mutual funds	1,541,813	1,385,665
Fixed income	1,842,659	2,866,033
	\$ 9,638,649	\$ 8,804,865

Compass Family Services

Notes to Consolidated Financial Statements

The following tables set forth by level, within the fair value hierarchy, Compass' assets at fair value as of June 30, 2025 and 2024:

	2025			Fair Value
	Level 1	Level 2	Level 3	
Bond mutual funds	\$ 1,842,375	\$ -	\$ -	\$ 1,842,375
Exchange traded funds	4,411,802	-	-	4,411,802
Equity mutual funds	1,541,813	-	-	1,541,813
Fixed income	1,842,659	-	-	1,842,659
	\$ 9,638,649	\$ -	\$ -	\$ 9,638,649

	2024			Fair Value
	Level 1	Level 2	Level 3	
Equity securities	1,806,354	\$ -	\$ -	\$ 1,806,354
Exchange traded funds	2,746,813	-	-	2,746,813
Equity mutual funds	1,385,665	-	-	1,385,665
Fixed income	2,866,033	-	-	2,866,033
	\$ 8,804,865	\$ -	\$ -	\$ 8,804,865

Note 7 – Line of Credit

At June 30, 2024, Compass had a \$800,000 revolving line of credit with an interest rate of 5.50% per annum. The line of credit was secured by property owned by Compass and matured on January 10, 2025. In 2025, Compass renewed the Line of Credit note with a new balance of \$1,500,000 and interest rate of 2.5%. The line of credit has a maturity date on January 26, 2026. There was no outstanding balance on the line of credit at June 30, 2025.

Note 8 – New Market Tax Credits

In June 2018, Compass arranged NMTC financing as partial funding to acquire and rehabilitate the facility located at 37 Grove Street, San Francisco, California. NMTC is a program of the Community Development Financial Institutions Fund (CDFI), a division of the U.S. Department of the Treasury. Under the NMTC program, banks and other qualifying institutions make “qualified equity investments” (QEI) in Community Development Entities 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 2025, the seven-year NMTC compliance period concluded and Compass exercised the call/put option and acquired its own debt from the NMTC tax investor at a discounted price. At June 30, 2025, Compass recorded deferred gains on the extinguishment of debt in the amount of \$4,666,289 included in deferred revenue in the statements of net position, subject to Compass approval of the forgiveness of debt.

Note 9 – Notes Payable – NMTC, Net

In June 2018, 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.

During the year ended June 30, 2025, the Compass completed the unwind of its New Markets Tax Credit financing arrangement. As part of the unwind, the notes payable accounts were cancelled.

At June 30, notes payable – NMTC, net, are detailed as follows:

	2025	2024
QLICI Loan A1	\$ -	\$ 9,437,320
QLICI Loan B1	-	4,194,680
QLICI Loan A2	-	996,900
QLICI Loan B2	-	503,100
	-	15,132,000
Less unamortized debt issuance costs	-	(427,448)
	\$ -	\$ 14,704,552

Note 10 – Loans Payable

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

At June 30, loans payable are detailed as follows:

	2025	2024
PG&E Retrofit loan payable	\$ 5,677	\$ 9,841
	\$ 5,677	\$ 9,841

The principal balance of \$5,677 will be paid during the fiscal year ended June 30, 2026.

Compass Family Services

Notes to Consolidated Financial Statements

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	2025	2024
Compass Family Shelter	\$ -	\$ 50,000
Compass Children’s Center	617,374	563,201
Compass SF Home	390,163	161,122
Compass Clara House	200,000	233,497
Compass C-RENT	1,185,965	510,710
Central City Access Point	19,888	355,705
Compass Family Resource Center	132,629	301,303
Compass Behavioral Health Services	-	158,156
Cross-program support	531,642	751,289
Administration	139,647	102,383
Building - Compass Clara House	777,266	865,338
Building - Compass Children’s Center	229,500	256,500
Donor-restricted endowment funds corpus	83,750	83,750
Unappropriated endowment earnings	603,150	535,565
	\$ 4,910,974	\$ 4,928,519

Net assets with donor restrictions released from restriction during June 30 were as follows:

	2025	2024
Compass Family Shelter	\$ 52,600	\$ 17,710
Compass Children’s Center	866,382	1,219,717
Compass Clara House	249,997	279,003
Compass SF Home	505,243	484,508
Compass C-RENT	816,292	119,819
Compass Behavioral Health Services	318,156	344,235
Central City Access Point	335,816	35,241
Compass Family Resource Center	398,675	164,881
Compass Childcare Support Services	-	3,100
Compass C-Work	-	14,330
Compass The Margot	-	3,000
Cross-program support	1,436,691	760,984
Administration	190,913	13,975
Building - Compass Clara House	88,072	-
Building - Compass Children’s Center	27,000	-
	\$ 5,285,837	\$ 3,460,503

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

Compass Family Services

Notes to Consolidated Financial Statements

Note 12 – Endowment Funds

Compass' endowment consists of three individual funds, established for the purpose of providing a perpetual endowment for Compass. As required by the U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation or depreciation of investments
6. Other resources of Compass
7. The investment policies of Compass

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Compass to retain as a fund of perpetual duration. At June 30, 2025 and 2024, there were no such deficiencies.

Return objectives and risk parameters – The Endowment Account (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.

Compass Family Services

Notes to Consolidated Financial Statements

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 to 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.

Endowment composition – Endowment net asset composition by type of fund as of June 30, 2025 and 2024 is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 688,840	\$ 688,840
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 619,314	\$ 619,314

Compass Family Services
Notes to Consolidated Financial Statements

Changes in endowment net assets for the fiscal years ended June 30, 2025 and 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2023	\$ -	\$ 553,025	\$ 505,931
Investment return:			
Investment income, net	-	15,847	13,513
Total investment return	-	15,847	13,513
Realized and unrealized gain	-	50,442	33,581
	-	66,289	47,094
Balance, June 30, 2024	-	619,314	553,025
Investment return:			
Investment income, net	-	15,847	15,847
Total investment return	-	15,847	15,847
Realized and unrealized gain	-	53,679	53,679
	-	69,526	69,526
Balance, June 30, 2025	<u>\$ -</u>	<u>\$ 688,840</u>	<u>\$ 688,840</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 years ended June 30, 2025 and 2024, contributed \$402,097 and \$426,938 to the Plan, respectively.

Compass Family Services

Notes to Consolidated Financial Statements

Note 14 – Contributions of Nonfinancial Assets

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

	2025	2024
In-kind contributions of materials and supplies	\$ 1,057,176	\$ 902,304
Contributed services	16,757	64,428
	\$ 1,073,933	\$ 966,732

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

	2025	2024
Holiday gifts	\$ 438,209	\$ 370,222
Basic needs	618,967	532,082
Professional services	16,757	64,428
	\$ 1,073,933	\$ 966,732

Holiday gifts – Gifts purchased for Compass families through Compass’ Adopt-A-Family program. This annual holiday program pairs specific individual donors or groups of donors with specific families who are homeless or at imminent risk and lack the resources to buy holiday gifts. Holiday gifts are valued at an estimated cost of \$165 per person within each family for 2025 and 2024. The values for goods are based on the cost of the goods donated.

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

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

Holiday gifts purchased for Compass’ Adopt-A-Family program were restricted to providing specific families these gifts. There were no other donor restrictions associated with the contributions of materials and supplies for the years ended June 30, 2025 and 2024. There were no materials or supplies monetized for the years ended June 30, 2025 and 2024.

Compass Family Services

Notes to Consolidated Financial Statements

Note 15 – Leases

Finance leases – Compass QALICB closed the purchase of the building in September 2018, and leased to Compass for 25 years with initial annual base rent of \$210,000, 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.

During the fiscal year ended June 30, 2024, Compass entered in multi-tenant lease agreement with T.T. Group Inc. in FY24 to rent administrative building on 1061 Market Street, San Francisco, the entire 4th floor. The rented space consists of approximately 7,790 rentable square feet and approximately 7,790 useable square feet. The lease term is for 7 years with the commencement date on August 1, 2023.

During the fiscal year ended June 30, 2024, Compass entered in multi-tenant lease agreement with S.F. Axis, LLC. to rent administrative building on 1254 Market Street, San Francisco. The rented space consists of approximately 1,957 rentable square feet and approximately 1,957 useable square feet. The lease term is for 10 years with two five-year options to renew. The commencement date is on July 1, 2023. Both new leases are determined to be operating leases.

As of June 30, 2025, Compass has various noncancellable operating and finance lease agreements for the rental of copiers expiring through June 2033. Options to extend are included in management's calculation of the operating and finance right-of-use assets and related lease liabilities.

Future lease payments related to operating and finance lease are as follows:

<u>Years Ending June 30,</u>			
2026		\$	318,425
2027			319,108
2028			329,997
2029			341,272
2030			371,546
Thereafter			644,389
Total lease payments			2,324,737
Less imputed interest			(332,345)
		\$	1,992,392

Compass Family Services

Notes to Consolidated Financial Statements

Lease expense are recognized on a straight-line basis over the life of the lease in the statements of activities and changes in net assets.

	2025	2024
Operating lease cost	\$ 293,813	\$ 226,230
Finance lease cost	25,309	23,682
Total lease cost	\$ 319,122	\$ 249,912
Weighted-average remaining lease term in years	5.53	6.53
Weighted-average discount rate	3.82%	3.87%

Restrictions on use of property – Compass received grant funding amounting to \$2,100,243 in prior years for the development of Compass Clara House. 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 \$44,063 in 2025 and 2024.

Note 16 – Commitments and Contingencies

Compass' grants and contracts are subject to inspection and audit by the various governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. In addition, some government agencies make large upfront payments early in the contract period, Compass able to provide enough units of service or expend enough allowable costs to fully utilize these funds.

At June 30, 2025, there were no significant outstanding legal actions or claims against Compass. Compass maintains various forms of insurance that its management believes are adequate to reduce the exposure to these risks to an acceptable level.

Note 17 – Liquidity and Funds Available

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

Compass Family Services

Notes to Consolidated Financial Statements

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

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 2,191,096	\$ 1,848,113
Government grants receivable	6,343,536	6,884,697
Contributions receivable, net - current portion	1,655,556	1,115,837
Other receivable	5,904	81,929
Investments - current portion	8,479,638	7,752,211
	18,675,730	17,682,787
Less amounts unavailable for general expenditures within one year, due to Donor restrictions	(226,708)	(200,000)
Total funds available for general expenditures within one year	\$ 18,449,022	\$ 17,482,787

Compass has financial assets available at June 30, 2025 and 2024, to cover approximately 153 and 283 days of operating expenses based on the fiscal year 2025 and 2024 budget, respectively. The fiscal year 2025 and 2024 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.

Compass also has available for general expenditures the \$1,500,000 line of credit agreement with a bank.

Note 18 – 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 December 18, 2025, 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, 2025

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,936,366	\$ 254,730	\$ -	\$ 2,191,096
Restricted cash	1,076,929	75	-	1,077,004
Government grants receivable	6,343,536	-	-	6,343,536
Contributions receivable, net	1,655,556	-	-	1,655,556
Other receivable, net	5,904	156,250	(156,250)	5,904
Deferred rent	-	3,152,092	(3,152,092)	-
Prepaid expenses and other assets	366,901	-	(165,445)	201,456
Investments	8,479,638	-	-	8,479,638
Client funds held in trust	38,084	-	-	38,084
Total current assets	<u>19,902,914</u>	<u>3,563,147</u>	<u>(3,473,787)</u>	<u>19,992,274</u>
NONCURRENT ASSETS				
Cash - replacement reserves	459,129	-	-	459,129
Investments - replacement reserves	508,178	-	-	508,178
Cash - operating reserve	85,781	-	-	85,781
NMTC leverage loan receivable	15,132,000	-	(15,132,000)	-
Endowment investments	650,833	-	-	650,833
Operating lease right-of-use assets	1,882,925	-	-	1,882,925
Finance lease right-of-use assets	12,300	-	-	12,300
Property, equipment, and leasehold improvements, net	<u>3,991,239</u>	<u>12,875,951</u>	<u>-</u>	<u>16,867,190</u>
Total noncurrent assets	<u>22,722,385</u>	<u>12,875,951</u>	<u>(15,132,000)</u>	<u>20,466,336</u>
Total assets	<u>\$ 42,625,299</u>	<u>\$ 16,439,098</u>	<u>\$ (18,605,787)</u>	<u>\$ 40,458,610</u>

See report of independent auditors.

Compass Family Services
Consolidating Statement of Financial Position
June 30, 2025

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 6,110,491	161,944	\$ (3,473,787)	\$ 2,798,648
Deferred revenue	6,000,436	-	-	6,000,436
Client funds held in trust	38,084	-	-	38,084
Loan payable, current portion	5,677	-	-	5,677
Operating lease liability, current portion	225,479	-	-	225,479
Finance lease liability, current portion	14,600	-	-	14,600
Total current liabilities	<u>12,394,767</u>	<u>161,944</u>	<u>(3,473,787)</u>	<u>9,082,924</u>
NONCURRENT LIABILITIES				
Operating lease liability, net of current portion	1,752,313	-	-	1,752,313
Notes payable - NMTC, net of current portion	-	15,132,000	(15,132,000)	-
Total noncurrent liabilities	<u>1,752,313</u>	<u>15,132,000</u>	<u>(15,132,000)</u>	<u>1,752,313</u>
Total liabilities	<u>14,147,080</u>	<u>15,293,944</u>	<u>(18,605,787)</u>	<u>10,835,237</u>
NET ASSETS				
Without donor restrictions	23,567,245	1,145,154	-	24,712,399
With donor restrictions	4,910,974	-	-	4,910,974
Total net assets	<u>28,478,219</u>	<u>1,145,154</u>	<u>-</u>	<u>29,623,373</u>
Total liabilities and net assets	<u>\$ 42,625,299</u>	<u>\$ 16,439,098</u>	<u>\$ (18,605,787)</u>	<u>\$ 40,458,610</u>

See report of independent auditors.

Compass Family Services
Consolidating Schedule of Activities and Changes in Net Assets
Year Ended June 30, 2025

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Government grants	\$ 33,364,151	\$ -	\$ -	\$ 33,364,151
Contributions	8,233,270	9,940	-	8,243,210
Contributed services	16,757	-	-	16,757
Special events	931,686	-	-	931,686
In-kind contributions	1,057,176	-	-	1,057,176
Program service fees	6,546	-	-	6,546
Interest and investment income	490,758	776	-	491,534
Realized and unrealized gains on investments	450,187	-	-	450,187
Rental income	-	811,131	(811,131)	-
NMTC leverage loan interest	207,278	-	-	207,278
	<u>44,757,809</u>	<u>821,847</u>	<u>(811,131)</u>	<u>44,768,525</u>
Total revenues, gains, and other support				
EXPENSES				
Compass Family Shelter	1,485,189	-	-	1,485,189
Compass Children's Center	4,479,408	-	-	4,479,408
Compass SF Home	15,566,226	-	-	15,566,226
Compass Clara House	1,702,004	-	-	1,702,004
Compass C-RENT	2,033,349	-	(24,691)	2,008,658
Compass Housing Location Services	194,079	-	(20,420)	173,659
Central City Access Point	1,369,533	-	(33,010)	1,336,523
Compass Family Resource Center	1,313,394	-	(39,817)	1,273,577
Compass C-WORK	774,606	-	(20,420)	754,186
Compass Childcare Support Services	754,530	-	(26,826)	727,704
Compass the Margot	311,032	-	-	311,032
Compass Behavioral Services	2,381,959	-	(66,065)	2,315,894
Compass Brief Stays	6,140,549	-	(52,451)	6,088,098
Management and general	4,782,128	1,016,997	(488,593)	5,310,532
Fundraising	1,679,386	-	(38,838)	1,640,548
	<u>44,967,372</u>	<u>1,016,997</u>	<u>(811,131)</u>	<u>45,173,238</u>
Total expenses				
CHANGE IN NET ASSETS	(209,563)	(195,150)	-	(404,713)
NET ASSETS, beginning of year	<u>28,687,782</u>	<u>1,340,304</u>	<u>-</u>	<u>30,028,086</u>
NET ASSETS, end of year	<u>\$ 28,478,219</u>	<u>\$ 1,145,154</u>	<u>\$ -</u>	<u>\$ 29,623,373</u>

See report of independent auditors.

Compass Family Services
Statement of Cash Flows for Compass QALICB
Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ (195,150)
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation and amortization	213,803
Changes in operating assets and liabilities:	
Prepaid expense and other assets	(156,250)
Accounts payable and accrued expenses	483,539
Deferred rent	(444,881)
<u>Net cash used in operating activities</u>	<u>(98,939)</u>
CASH FLOWS FROM FINANCING ACTIVITY	
Payment on loans payable	<u>(31,491)</u>
<u>Net cash used in financing activity</u>	<u>(31,491)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(130,430)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>385,235</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u><u>\$ 254,805</u></u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTED OF THE FOLLOWING	
Cash and cash equivalents	\$ 254,730
Restricted cash - QALICB	75
	<u><u>\$ 254,805</u></u>

See report of independent auditors.

Compass Family Services
General Information
Year Ended June 30, 2025

Center Name	Compass Children's Center
Contract Numbers	CCTR-4285 CSPP-4473
Project Number	38-B588-00-1
Type of Agency	Private Nonprofit Corporation
Address	Agency: 37 Grove Street San Francisco, California 94102 Center: 114 Leavenworth Street San Francisco, California 94102
Name of Executive Director	Erica Kisch
Telephone Number	(415) 644-0504
Audit Period	July 1, 2024 through June 30, 2025
Number of Operations Days of Agency	246
Scheduled Daily Hours of Operation	Agency: 9:00am to 5:00pm Center: 7:45am to 6:00pm

See report of independent auditors.

Compass Family Services
Combining Statement of Financial Position
Year Ended June 30, 2025

	Child Development Funds	Other Funds	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ -	\$ 2,191,096	\$ 2,191,096
Restricted cash	-	1,077,004	1,077,004
Government grant receivable	114,302	6,229,234	6,343,536
Contributions receivable, net	392,061	1,263,495	1,655,556
Other accounts receivable	-	5,904	5,904
Prepaid expenses	2,049	199,407	201,456
Investments	-	8,479,638	8,479,638
Client funds held in trust	-	38,084	38,084
Total current assets	<u>508,412</u>	<u>19,483,862</u>	<u>19,992,274</u>
NONCURRENT ASSETS			
Replacement reserve	535,178	432,129	967,307
Operating reserve	-	85,781	85,781
Endowment investments	-	650,833	650,833
Operating lease right-of-use assets	-	1,882,925	1,882,925
Finance lease right-of-use assets	-	12,300	12,300
Property and equipment, net	<u>1,797,400</u>	<u>15,069,790</u>	<u>16,867,190</u>
Total noncurrent assets	<u>2,332,578</u>	<u>18,133,758</u>	<u>20,466,336</u>
Total assets	<u>\$ 2,840,990</u>	<u>\$ 37,617,620</u>	<u>\$ 40,458,610</u>

See report of independent auditors.

Compass Family Services
Combining Statement of Financial Position
Year Ended June 30, 2025

	Child Development Funds	Other Funds	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 132,044	\$ 2,666,604	\$ 2,798,648
Deferred revenue	-	6,000,436	6,000,436
Client funds held in trust	-	38,084	38,084
Operating lease liability, current portion	-	225,479	225,479
Finance lease liability, current portion	-	14,600	14,600
Notes payable, current portion	5,677	-	5,677
	<u>137,721</u>	<u>8,945,203</u>	<u>9,082,924</u>
Total current liabilities			
Operating lease liability, net of current portion	-	1,752,313	1,752,313
Due (to)/from other funds	(1,547,958)	1,547,958	-
	<u>(1,547,958)</u>	<u>3,300,271</u>	<u>1,752,313</u>
Total long-term liabilities			
Total liabilities	<u>(1,410,237)</u>	<u>12,245,474</u>	<u>10,835,237</u>
NET ASSETS			
Without donor restrictions	3,377,353	21,335,046	24,712,399
With donor restrictions	873,874	4,037,100	4,910,974
	<u>4,251,227</u>	<u>25,372,146</u>	<u>29,623,373</u>
Total net assets			
Total liabilities and net assets	<u>\$ 2,840,990</u>	<u>\$ 37,617,620</u>	<u>\$ 40,458,610</u>

See report of independent auditors.

Compass Family Services Combining Statement of Activities Year Ended June 30, 2025

	Without Donor Restrictions						With Donor Restrictions			Total		
	CCTR-4285	CSPP-4473	Compass Clara House - CACFP	Compass Children's Center - Other Funds	Compass Children's Center Total	All Other Compass Programs	Total Without Donor Restrictions	Compass Children's Center - Other Funds	All Other Compass Programs	Total With Donor Restrictions	Total Compass Children's Center	All Compass Programs
REVENUES AND SUPPORT												
Per CDE/CDSS fiscal report												
CCD restricted revenue												
Child Care Food Program	\$ 43,642	\$ 43,642	\$ 20,194	\$ -	\$ 87,284	\$ 20,194	\$ 107,478	\$ -	\$ -	\$ -	\$ 87,284	\$ 107,478
SB140 Cost of Care (formerly ARPA)	38,555	68,153	-	-	106,708	-	106,708	-	-	-	106,708	106,708
Other:												
Government grants	2,292	4,388	-	-	6,680	-	6,680	-	-	-	6,680	6,680
Program service fees (Family fees - certified)	382	989	-	-	1,371	-	1,371	-	-	-	1,371	1,371
Subtotal CCD restricted	<u>84,871</u>	<u>117,172</u>	<u>20,194</u>	<u>-</u>	<u>202,043</u>	<u>20,194</u>	<u>222,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,043</u>	<u>222,237</u>
CCD unrestricted revenue												
Program service fees (Family Fees - noncertified)	-	838	-	-	838	-	838	-	-	-	838	6,194
Other:												
Government grants	367,875	508,820	-	-	876,695	-	876,695	-	-	-	876,695	876,695
Contributions (earned)	255,846	290,354	-	-	546,200	-	546,200	-	-	-	546,200	546,200
Subtotal unrestricted	<u>623,721</u>	<u>800,012</u>	<u>-</u>	<u>-</u>	<u>1,423,733</u>	<u>-</u>	<u>1,423,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,423,733</u>	<u>1,423,733</u>
CCD supplemental:												
Government grants	36,381	40,076	-	-	76,457	-	76,457	-	-	-	76,457	76,457
Contributions (earned)	371,065	404,733	-	102,374	878,172	-	878,172	-	-	-	878,172	878,172
Contributions (in-kind)	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment income (non-CDE/CDSS funds)	8,647	8,647	-	-	17,294	-	17,294	-	-	-	17,294	17,294
Realized and unrealized gain on investments	16,719	16,719	-	-	33,438	-	33,438	-	-	-	33,438	33,438
Subtotal supplemental	<u>432,812</u>	<u>470,175</u>	<u>-</u>	<u>102,374</u>	<u>1,005,361</u>	<u>-</u>	<u>1,005,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,005,361</u>	<u>1,005,361</u>
GAAP ADDITIONS AND ADJUSTMENTS												
California Dept. of Social Services	1,299,280	-	-	-	1,299,280	-	1,299,280	-	-	-	1,299,280	1,299,280
California Dept. of Education	-	831,308	-	-	831,308	-	831,308	-	-	-	831,308	831,308
Government grants	-	-	(20,194)	-	-	30,059,535	30,059,535	-	-	-	-	30,059,535
Contributions (earned) - subtract CDE/CDSS report amounts	-	-	-	(1,321,998)	(1,321,998)	-	(1,321,998)	-	-	-	(1,321,998)	(1,321,998)
Contributions (received)	-	-	-	-	-	2,247,597	2,247,597	433,093	4,765,673	5,198,766	433,093	7,446,363
Contributed services	-	-	-	-	-	16,757	16,757	-	-	-	-	16,757
Contributions (in-kind)	-	-	-	-	-	954,802	954,802	-	-	-	-	954,802
Special events	-	-	-	-	-	931,686	931,686	-	-	-	-	931,686
Program service fee - FY24 CCC waived - restricted	-	-	-	-	-	-	-	-	-	-	-	-
Program service fee - FY24 CCC waived - unrestricted	-	-	-	-	-	4,337	4,337	-	-	-	-	4,337
NMTC Leverage Loan Interest	-	-	-	-	-	207,278	207,278	-	-	-	-	207,278
Interest and investment income	-	-	-	-	-	458,392	458,392	-	15,847	15,847	-	474,239
Realized and unrealized gain on investments	-	-	-	-	-	363,070	363,070	-	53,679	53,679	-	416,749
Other income	-	-	-	-	-	796,858	796,858	-	-	-	-	796,858
Subtotal revenues	<u>2,440,684</u>	<u>2,218,667</u>	<u>-</u>	<u>(1,219,624)</u>	<u>3,439,727</u>	<u>36,060,506</u>	<u>39,500,233</u>	<u>433,093</u>	<u>4,835,199</u>	<u>5,268,292</u>	<u>3,872,820</u>	<u>44,768,525</u>
NET ASSETS RELEASED FROM RESTRICTION												
Satisfaction of program restrictions	-	-	-	433,093	433,093	4,852,744	5,285,837	(433,093)	(4,852,744)	(5,285,837)	-	-
Total revenues and support	<u>2,440,684</u>	<u>2,218,667</u>	<u>-</u>	<u>(786,531)</u>	<u>3,872,820</u>	<u>40,913,250</u>	<u>44,786,070</u>	<u>-</u>	<u>(17,545)</u>	<u>(17,545)</u>	<u>3,872,820</u>	<u>44,768,525</u>

See report of independent auditors.

Compass Family Services Combining Statement of Activities Year Ended June 30, 2025

	Without Donor Restrictions						With Donor Restrictions			Total		
	CCTR-4285	CSPP-4473	Compass Clara House - CACFP	Compass Children's Center - Other Funds	Compass Children's Center Total	All Other Compass Programs	Total Without Donor Restrictions	Compass Children's Center - Other Funds	All Other Compass Programs	Total With Donor Restrictions	Total Compass Children's Center	All Compass Programs
EXPENSES												
Salaries and wages	\$ 1,236,558	\$ 1,296,022	\$ -	\$ -	\$ 2,532,580	\$ 12,168,782	\$ 14,701,362	\$ -	\$ -	\$ -	\$ 2,532,580	\$ 14,701,362
Employee benefits	326,223	344,085	-	-	670,308	3,343,600	4,013,908	-	-	-	670,308	4,013,908
Professional fees	164,358	214,321	-	-	378,679	1,597,375	1,976,054	-	-	-	378,679	1,976,054
Housing Assistance	-	-	-	-	-	17,174,392	17,174,392	-	-	-	-	17,174,392
Client assistance	100,455	144,403	-	-	244,858	2,532,277	2,777,135	-	-	-	244,858	2,777,135
Rent and occupancy	66,459	78,811	-	-	145,270	937,146	1,082,416	-	-	-	145,270	1,082,416
Contributed services	-	-	-	-	-	16,757	16,757	-	-	-	-	16,757
Office supplies	1,206	1,844	-	-	3,050	52,514	55,564	-	-	-	3,050	55,564
Program expenses	76,252	117,887	-	-	194,139	247,500	441,639	-	-	-	194,139	441,639
Telephone	13,348	19,007	-	-	32,355	105,128	137,483	-	-	-	32,355	137,483
License and fees - technology	10,447	19,159	-	-	29,606	293,538	323,144	-	-	-	29,606	323,144
License and fees - other	3,048	3,961	-	-	7,009	142,875	149,884	-	-	-	7,009	149,884
Insurance	7,208	13,356	-	-	20,564	145,848	166,412	-	-	-	20,564	166,412
Equipment maintenance	15,693	6,492	-	-	22,185	237,660	259,845	-	-	-	22,185	259,845
Printing, postage	812	1,145	-	-	1,957	18,517	20,474	-	-	-	1,957	20,474
Travel and conferences, training	9,506	14,376	-	-	23,882	193,879	217,761	-	-	-	23,882	217,761
Interest	229	264	-	-	493	208,348	208,841	-	-	-	493	208,841
Miscellaneous	9,122	11,036	-	-	20,158	496,832	516,990	-	-	-	20,158	516,990
Cost of special event	-	1,766	-	-	1,766	289,302	291,068	-	-	-	1,766	291,068
Depreciation and amortization	59,195	91,354	-	-	150,549	491,560	642,109	-	-	-	150,549	642,109
Administrative costs	298,426	335,207	-	(633,633)	-	-	-	-	-	-	-	-
Total expenses	2,398,545	2,714,496	-	(633,633)	4,479,408	40,693,830	45,173,238	-	-	-	4,479,408	45,173,238
CHANGE IN NET ASSETS	42,139	(495,829)	-	(152,898)	(606,588)	219,420	(387,168)	-	(17,545)	(17,545)	(606,588)	(404,713)
NET (DEFICIT) ASSETS, beginning of year	(658,758)	(352,178)	-	4,937,490	3,926,554	21,453,499	25,099,567	1,105,189	3,823,330	4,928,519	3,926,554	30,028,086
NET (DEFICIT) ASSETS, end of year	\$ (616,619)	\$ (848,007)	\$ -	\$ 4,784,592	\$ 3,319,966	\$ 21,672,919	\$ 24,712,399	\$ 1,105,189	\$ 3,805,785	\$ 4,910,974	\$ 3,319,966	\$ 29,623,373

See report of independent auditors.

Compass Family Services
Combining Schedule of Claimed Renovation and Repair Expenditures
Year Ended June 30, 2025

	CCTR-4285	CSPP-4473	Compass Children's Center Total	Compass Clara House	Total
Unit cost under \$10,000					
No items	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal unit cost under \$10,000	-	-	-	-	-
Unit cost over \$10,000 (with CDE or CDSS approval)					
No items	-	-	-	-	-
Subtotal unit cost over \$10,000	-	-	-	-	-
Unit cost over \$10,000 (without CDE or CDSS approval)					
No items	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

Compass Family Services
Combining Schedule of Claimed Equipment Expenditures
Year Ended June 30, 2025

	<u>CCTR-4285</u>	<u>CSPP-4473</u>	<u>Non-CCD Programs</u>	<u>Total</u>
Capitalized Equipment Expensed on the AUD with Prior Written Approval	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capitalized Equipment Expensed on the AUD without Prior Written Approval	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capitalized Equipment	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

Compass Family Services
Combining Schedule of Claimed Administrative Costs
Year Ended June 30, 2025

	CCTR-4285	CSPP-4473	Child Care Food Program	Total
CCTR-9212 & CSPP-9484	\$ 168,429	\$ 190,942	\$ 7,935	\$ 367,306
CACFP - CCC	3,968	3,967	(7,935)	-
CACFP - CCH	-	-	1,836	1,836
	\$ 172,397	\$ 194,909	\$ 1,836	\$ 369,142

See accompanying notes.

Compass Family Services

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

Year Ended June 30, 2025

		Compass Children's Center						Compass Clara House			
		CCTR-4285			CSPP-4473						
		Reimbursable	Supplemental	Total	Reimbursable	Supplemental	Total	Total Child Development	CACFP - CCC Included in CCTR and CSPP	Total CCC	CACFP - Clara House
1000	CERTIFIED SALARIES										
1100	Teacher's salaries	\$ 622,469	\$ -	\$ 622,469	\$ 737,129	\$ 57,756	\$ 794,885	\$ 1,417,354	\$ -	\$ 1,417,354	\$ -
1200	Administrators salaries	136,696	11,349	148,045	106,486	16,175	122,661	270,706	-	270,706	-
1300	Supervisor's salaries	106,024	-	106,024	112,061	-	112,061	218,085	-	218,085	-
1900	Other certified salaries	93,119	129,695	222,814	38,290	23,687	61,977	284,791	-	284,791	-
		<u>958,308</u>	<u>141,044</u>	<u>1,099,352</u>	<u>993,966</u>	<u>97,618</u>	<u>1,091,584</u>	<u>2,190,936</u>	<u>-</u>	<u>2,190,936</u>	<u>-</u>
2000	CLASSIFIED SALARIES										
2100	Instructional aide's salaries	64,822	-	64,822	112,098	-	112,098	176,920	-	176,920	-
2300	Clerical and other office salaries	21,720	-	21,720	16,151	8,212	24,363	46,083	-	46,083	-
2400	Maintenance/operations salaries	13,331	11,494	24,825	22,814	11,495	33,309	58,134	-	58,134	-
2500	Food service salaries	13,875	11,964	25,839	22,704	11,964	34,668	60,507	-	60,507	-
		<u>113,748</u>	<u>23,458</u>	<u>137,206</u>	<u>172,767</u>	<u>31,671</u>	<u>204,438</u>	<u>341,644</u>	<u>-</u>	<u>341,644</u>	<u>-</u>
3000	EMPLOYEE BENEFITS										
3300	Social Security	66,148	9,247	75,395	74,572	4,325	78,897	154,292	-	154,292	-
3400	Health and welfare benefits	171,286	19,763	191,049	177,860	24,057	201,917	392,966	-	392,966	-
3500	State Unemployment	3,713	556	4,269	4,159	274	4,433	8,702	-	8,702	-
3600	Workers' compensation	16,420	1,851	18,271	18,329	1,084	19,413	37,684	-	37,684	-
3900	Other benefits	30,771	6,468	37,239	33,873	5,552	39,425	76,664	-	76,664	-
		<u>288,338</u>	<u>37,885</u>	<u>326,223</u>	<u>308,793</u>	<u>35,292</u>	<u>344,085</u>	<u>670,308</u>	<u>-</u>	<u>670,308</u>	<u>-</u>
	BOOKS, SUPPLIES AND EQUIPMENT										
4000	EQUIPMENT										
4200	Books other than textbooks	15,557	43,678	59,235	60,231	62,491	122,722	181,957	-	181,957	-
4300	Instructional material and supplies	4,678	842	5,520	13,690	2,194	15,884	21,404	-	21,404	-
4600	Pupil transportation supplies	-	-	-	65	-	65	65	-	65	-
4710	Food	12,362	305	12,667	22,067	380	22,447	35,114	79,349	114,463	18,358
4790	Other food service supplies	3,161	-	3,161	3,529	793	4,322	7,483	-	7,483	-
		<u>35,758</u>	<u>44,825</u>	<u>80,583</u>	<u>99,582</u>	<u>65,858</u>	<u>165,440</u>	<u>246,023</u>	<u>79,349</u>	<u>325,372</u>	<u>18,358</u>
	SERVICES/OTHER OPERATING EXPENSES										
5000	EXPENSES										
5100	Contracts for personnel services	120,632	-	120,632	147,438	-	147,438	268,070	-	268,070	-
5200	Travel, conferences, and other	10,385	5,640	16,025	14,973	7,374	22,347	38,372	-	38,372	-
5400	Insurance	7,208	-	7,208	13,356	-	13,356	20,564	-	20,564	-
5500	Utilities and housekeeping	79,787	125	79,912	85,280	12,432	97,712	177,624	-	177,624	-
5600	Contracts, rent and leases	-	-	-	-	-	-	-	-	-	-
5700	Legal, election, and audit	43,091	635	43,726	45,301	21,582	66,883	110,609	-	110,609	-
5800	Other services and operating expenses (training)	23,070	11,929	34,999	23,989	13,803	37,792	72,791	-	72,791	-
		<u>284,173</u>	<u>18,329</u>	<u>302,502</u>	<u>330,337</u>	<u>55,191</u>	<u>385,528</u>	<u>688,030</u>	<u>-</u>	<u>688,030</u>	<u>-</u>
	OTHER										
	Depreciation or use allowance	13,126	-	13,126	13,126	-	13,126	26,252	-	26,252	-
	Indirect - Administrative	168,430	126,029	294,459	190,942	140,298	331,240	625,699	7,935	633,634	1,836
	Nonreimbursables	-	101,452	101,452	-	135,413	135,413	236,865	-	236,865	-
		<u>181,556</u>	<u>227,481</u>	<u>409,037</u>	<u>204,068</u>	<u>275,711</u>	<u>479,779</u>	<u>888,816</u>	<u>7,935</u>	<u>896,751</u>	<u>1,836</u>
	Total expenditures by state categories	1,861,881	493,022	2,354,903	2,109,513	561,341	2,670,854	5,025,757	87,284	5,113,041	20,194
	Adjustments:										
	Costs related to Child Care Food Program	43,642	-	43,642	43,642	-	43,642	87,284	(87,284)	-	-
	Total expenses as shown on the CDE and CDSS AUD forms	<u>\$ 1,905,523</u>	<u>\$ 493,022</u>	<u>\$ 2,398,545</u>	<u>\$ 2,153,155</u>	<u>\$ 561,341</u>	<u>\$ 2,714,496</u>	<u>\$ 5,113,041</u>	<u>\$ -</u>	<u>\$ 5,113,041</u>	<u>\$ 20,194</u>
	Reconciling items										
	Subtract items above:										
	Depreciation or use allowance	-	-	(13,126)	-	-	(13,126)	-	-	-	-
	Non-reimbursable	-	-	(101,452)	-	-	(135,413)	-	-	-	-
	Add: Depreciation from Statement of Activities (SOA)	-	-	-	-	-	91,354	-	-	-	-
	Add: In-kind from SOA	-	-	59,195	-	-	-	-	-	-	-
	Add: Special events from SOA	-	-	-	-	-	-	-	-	-	-
	Total of reimbursable and nonreimbursable expenditures (GAAP)	<u>\$ 1,905,523</u>	<u>\$ 493,022</u>	<u>\$ 2,343,162</u>	<u>\$ 2,153,155</u>	<u>\$ 561,341</u>	<u>\$ 2,657,311</u>	<u>\$ 5,113,041</u>	<u>\$ -</u>	<u>\$ 5,113,041</u>	<u>\$ 20,194</u>

See accompanying notes.

Compass Family Services

Notes to Child Care and Development Programs Supplementary Information

Note 1 – Interest Expense

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2025.

Note 2 – Related-Party Rent Transactions

All expense claimed for reimbursement under a related-party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related-party rent transactions occurred for the year ended June 30, 2025.

Note 3 – Bad Debt Expense

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2025.

Audited Attendance and Fiscal Reports

Contractor Name:

**California Department of Education
Audited Enrollment, Attendance, and Fiscal
Report for California State Preschool Program**

Contract Number:

Fiscal Year Ended: June 30, 2025

Vendor Code:

Section 1 – Number of Counties Where Services are Provided

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

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

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

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

Total enrollment and attendance forms to attach:

Note: For each of the above categories, submit one form for each service county.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment				
Total Certified Days of Enrollment with Mental Health Consultation Services				
Days of Attendance (including MHCS)				N/A
Total Non-Certified Days of Enrollment				
Total Non-Certified Days of Enrollment with Mental Health Consultation Services				

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

Contractor Name:

Contract Number:

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs			
Exceptional Needs/Severely Disabled Service Level Exemption Credit			
County Maintenance of Effort (EC Section 8260)			
American Rescue Plan Act (ARPA)			
Other:			
Other:			
TOTAL RESTRICTED INCOME			

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

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Family Fees for Certified Children			
Interest Earned on Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Other:			

Contractor Name:

Contract Number:

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only			
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
6600 Lease Assets (used in governmental funds only)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Indirect Costs (included in Total Administrative Cost)			
TOTAL REIMBURSABLE EXPENSES			

Contractor Name:

Contract Number:

Section 4 - Reimbursable Expenses (cont.)

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)			
Total Staff Training Cost (included in Reimbursable Expenses) <i>Total Program Closure Only (Management Bulletin 19-05)</i>			
Total Exceptional Needs/Severely Disabled Service Level Exception Credit Expense (included in Reimbursable Expenses)			

Contractor Name:

Contract Number:

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			
Other:			
Other:			
TOTAL SUPPLEMENTAL REVENUE			

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
TOTAL SUPPLEMENTAL EXPENSES			

Contractor Name:

Contract Number:

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)			
Days of Operation			
Days of Attendance (including MHCS)			
Total Certified Adjusted Days of Enrollment	N/A	N/A	
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	
Restricted Program Income			
Transfer from Preschool Reserve Account			
Family Fees for Certified Children			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses			
Total Administrative Cost			
Total Staff Training Cost			
Total Exceptional Needs/Severely Disabled Service Level Exemption Credit Expenses (included in total Reimbursable Expenses)			
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Contractor Name:

Contract Number:

Section 7 – Auditor’s Assurances

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

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

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

Section 8 – Comments

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

Contractor Name:

Contract Number:

California State Preschool Program – Form 1 Certified Children Days of Enrollment and Attendance

Service County:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Two Years Old and Three Years Old Full-time-plus				2.1240	
Two Years Old and Three Years Old Full-time				1.8000	
Two Years Old and Three Years Old Part-time					
Four Years and Older Full-time-plus				1.1800	
Four Years and Older Full-time				1.0000	
Four Years and Older Part-time					
Exceptional Needs Full-time-plus (Active IEP/IFSP Only)				2.8320	
Exceptional Needs Full-time (Active IEP/IFSP Only)				2.4000	
Exceptional Needs Part-time(Active IEP/IFSP Only)					
Dual Language Learner Full-time-plus				1.4160	
Dual Language Learner Full-time				1.2000	
Dual Language Learner Part-time					

Contractor Name:

Contract Number:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Part-time					
Severely Disabled Full-time-plus (Active IEP/IFSP Only)				2.8320	
Severely Disabled Full-time (Active IEP/IFSP Only)				2.4000	
Severely Disabled Part-time (Active IEP/IFSP Only)					
TOTAL CERTIFIED DAYS OF ENROLLMENT				N/A	

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

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

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

Contractor Name:

Contract Number:

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

Service County:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Two Years Old and Three Years Old Full-time-plus				2.2240	
Two Years Old and Three Years Old Full-time				1.9000	
Two Years Old and Three Years Old Part-time					
Four Years and Older Full-time-plus				1.2800	
Four Years and Older Full-time				1.1000	
Four Years and Older Part-time					
Exceptional Needs Full-time-plus				2.9320	
Exceptional Needs Full-time				2.5000	
Exceptional Needs Part-time					
Dual Language Learner Full-time-plus				1.5160	
Dual Language Learner Full-time				1.3000	
Dual Language Learner Part-time					

Contractor Name:

Contract Number:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.3980	
At Risk of Abuse or Neglect Full-time				1.2000	
At Risk of Abuse or Neglect Part-time					
Severely Disabled Full-time-plus				2.9320	
Severely Disabled Full-time				2.5000	
Severely Disabled Part-time					
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES				N/A	

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

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

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

Contractor Name:

Contract Number:

**California State Preschool Program – Form 3
Non-Certified Children Days of Enrollment**

Service County:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Two Years Old and Three Years Old Full-time-plus				2.1240	
Two Years Old and Three Years Old Full-time				1.8000	
Two Years Old and Three Years Old Part-time					
Four Years and Older Full-time-plus				1.1800	
Four Years and Older Full-time				1.0000	
Four Years and Older Part-time					
Exceptional Needs Full-time-plus				2.8320	
Exceptional Needs Full-time				2.4000	
Exceptional Needs Part-time					
Dual Language Learner Full-time-plus				1.4160	
Dual Language Learner Full-time				1.2000	
Dual Language Learner Part-time					

Contractor Name:

Contract Number:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Part-time					
Severely Disabled Full-time-plus				2.8320	
Severely Disabled Full-time				2.4000	
Severely Disabled Part-time					
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				N/A	

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

Contractor Name:

Contract Number:

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

Service County:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Two Years Old and Three Years Old Full-time-plus				2.2240	
Two Years Old and Three Years Old Full-time				1.9000	
Two Years Old and Three Years Old Part-time					
Four Years and Older Full-time-plus				1.2800	
Four Years and Older Full-time				1.1000	
Four Years and Older Part-time					
Exceptional Needs Full-time-plus				2.9320	
Exceptional Needs Full-time				2.5000	
Exceptional Needs Part-time					
Dual Language Learner Full-time-plus				1.5160	
Dual Language Learner Full-time				1.3000	
Dual Language Learner Part-time					

Contractor Name:

Contract Number:

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.3980	
At Risk of Abuse or Neglect Full-time				1.2000	
At Risk of Abuse or Neglect Part-time					
Severely Disabled Full-time-plus				2.9320	
Severely Disabled Full-time				2.5000	
Severely Disabled Part-time					
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES				N/A	

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

AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT FOR CHILD CARE AND DEVELOPMENT PROGRAMS (FOR SINGLE SERVICE COUNTY)

Fiscal Year Ending*

Contract Number*

Vendor Code*

Full Name of Contractor*

Section 1 - Contractor Provided Services in Only One County

- Services were provided to certified children, check this box and **include** pages 6-7.*
- Mental health consultation services were provided to certified children, check this box and **include** pages 8-9.*
- Services were provided to non-certified children, check this box and **include** pages 10-11.*
- Mental health consultation services were provided to non-certified children, check this box and **include** pages 12-13.*

Section 2 - Days of Enrollment, Attendance and Operation

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment				
Total Certified Days of Enrollment with Mental Health Consultation Services				
Days of Attendance (including MHCS)				N/A
Total Non-Certified Days of Enrollment				
Total Non-Certified Days of Enrollment with Mental Health Consultation Services				
Days of Operation*				N/A

*Indicates field is required.

Full Name of Contractor

Contract Number

Section 3 - Revenue

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (WIC Section 10308.5)			
Restricted Income - American Rescue Plan Act (ARPA)			
Restricted Income - Other:			
Restricted Income - Subtotal			
Transfer From Reserve			
Waived Family Fees for Certified Children*			
Family Fees Collected for Certified Children			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue (*Waived Family Fees Not Included)			

Comments:

Audit Report Page

Full Name of Contractor

Contract Number

Section 4 - Reimbursable Expenses

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Total Reimbursable Expenses			
Total Administrative Cost (included in Section 4 above)			
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

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

Audit Report Page

Full Name of Contractor

Contract Number

Section 5 - Supplemental Revenue

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
Total Supplemental Revenue			

Section 6 - Supplemental Expenses

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses			

Full Name of Contractor

Contract Number

Section 7 - Summary

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)			
Days of Operation			
Days of Attendance (including MHCS)			
Restricted Program Income			
Transfer from Reserve			
Family Fees Collected for Certified Children			
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses			
Total Administrative Cost			
Total Staff Training Cost			
Non-Reimbursable (State use only)	N/A	N/A	

Total Certified Adjusted Days of Enrollment (including MHCS)

Total Non-Certified Adjusted Days of Enrollment (including MHCS)

Independent auditor’s assurances on agency’s compliance with contract funding terms and conditions and program requirements for programs that transferred to the California Department of Social Services on July 1, 2021 pursuant to WIC Section 10203(b):

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

Reimbursable expenses claimed on page 3 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Include any comments in the comments box on page 2. If necessary, attach additional sheets to explain adjustments.

Audit Report Page

Full Name of Contractor

Contract Number

**CHILD CARE AND DEVELOPMENT PROGRAMS
CERTIFIED CHILDREN DAYS OF ENROLLMENT AND ATTENDANCE**

Service County:*

	Column A Cumulative FY CDFS 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					
Infants (up to 18 months) Full-time					
Infants (up to 18 months) One-half-time					
Toddlers (18 up to 36 months) Full-time-plus					
Toddlers (18 up to 36 months) Full-time					
Toddlers (18 up to 36 months) One-half-time					
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs One-half-time					

*Indicates field is required.

Full Name of Contractor

Contract Number

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus					
Dual Language Learner Full-time					
Dual Language Learner One-half-time					
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled One-half-time					
Total Certified Days of Enrollment					
Days of Attendance*					

If no services were provided to certified children, omit pages 6-7.

*Indicates field is required for Days of Attendance.

Full Name of Contractor

Contract Number

CHILD CARE AND DEVELOPMENT PROGRAMS CERTIFIED CHILDREN RECEIVING MENTAL HEALTH CONSULTATION SERVICES DAYS OF ENROLLMENT AND ATTENDANCE

Service County:*

	Column A Cumulative FY CDFS 9500MHCS	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					
Infants (up to 18 months) Full-time					
Infants (up to 18 months) One-half-time					
Toddlers (18 up to 36 months) Full-time-plus					
Toddlers (18 up to 36 months) Full-time					
Toddlers (18 up to 36 months) One-half-time					
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs One-half-time					

*Indicates field is required.

Full Name of Contractor

Contract Number

	Column A Cumulative FY CDFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus					
Dual Language Learner Full-time					
Dual Language Learner One-half-time					
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled One-half-time					
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES					
DAYS OF ATTENDANCE*					

If no mental health consultation services were provided to certified children, omit pages 8-9.

*Indicates field is required for Days of Attendance.

Full Name of Contractor

Contract Number

**CHILD CARE AND DEVELOPMENT PROGRAMS
NON-CERTIFIED CHILDREN DAYS OF ENROLLMENT**

Service County:*

	Column A Cumulative FY CDFS 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					
Infants (up to 18 months) Full-time					
Infants (up to 18 months) One-half-time					
Toddlers (18 up to 36 months) Full-time-plus					
Toddlers (18 up to 36 months) Full-time					
Toddlers (18 up to 36 months) One-half-time					
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs One-half-time					

*Indicates field is required.

Full Name of Contractor

Contract Number

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus					
Dual Language Learner Full-time					
Dual Language Learner One-half-time					
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled One-half-time					
Total Non-Certified Days of Enrollment					

If no services were provided to non-certified children, omit pages 10-11.

Full Name of Contractor

Contract Number

CHILD CARE AND DEVELOPMENT PROGRAMS NON-CERTIFIED CHILDREN RECEIVING MENTAL HEALTH CONSULTATION SERVICES DAYS OF ENROLLMENT

Service County:*

	Column A Cumulative FY CDFS 9500MHCS	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					
Infants (up to 18 months) Full-time					
Infants (up to 18 months) One-half-time					
Toddlers (18 up to 36 months) Full-time-plus					
Toddlers (18 up to 36 months) Full-time					
Toddlers (18 up to 36 months) One-half-time					
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs One-half-time					

*Indicates field is required.

Full Name of Contractor

Contract Number

	Column A Cumulative FY CDFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus					
Dual Language Learner Full-time					
Dual Language Learner One-half-time					
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled One-half-time					
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES					

If no mental health consultation services were provided to non-certified children, omit pages 12-13.

Compass Family Services
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

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 Agriculture			
Pass-through program from: California Department of Education - Child Nutrition Program			
Child Care and Adult Care Food Program	10.558	04457-CACFP-38-NP- CS	\$ 102,861
Total U.S. Department of Agriculture			<u>102,861</u>
U.S. Department of Housing and Urban Development			
Pass-through programs from: City and County of San Francisco Department of Human Services Supportive Housing Program			
Continuum of Care Program:			
Supportive Housing Program: Compass SF HOME - Rapid Rehousing	14.267	CA1533L9T012105/10 00027456	367,980
Compass SF HOME - CoC Rapid Rehousing	14.267	1000027456	497,828
Compass SF Home - Homeless Family Access Point (CCAP)	14.267	1000025850	82,542
Compass SF Home - Homeless Family Access Point (CCAP)	14.267	1000025850	<u>21,771</u>
Subtotal: Continuum of Care Program			<u>970,121</u>
Emergency Solutions Grants Program - Compass Family Shelter	14.231	1000017660	201,000
Emergency Solutions Grants Program - C-Rent Homelessness Prevention	14.231	1000022894	<u>201,830</u>
Subtotal: Emergency Solutions Grant Program			<u>402,830</u>
Total U.S. Department of Housing and Urban Development			<u>1,372,951</u>
U.S. Department of Health and Human Services			
Pass-through program from: California Department of Education Child Care Development Division CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-4285	22,757
Child Care and Development Block Grant	93.575	CCTR-4285	<u>324,921</u>
Subtotal CCDF Cluster			<u>347,678</u>
Total U.S. Department of Health and Human Services			<u>347,678</u>
Total Expenditures of Federal Awards			<u>\$ 1,823,490</u>

See notes to schedule of expenditures of federal and state awards.

Compass Family Services
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

Expenditures of State Awards

California Governor's Office of Business & Economic Development (GO BIZ)			
CA Community Reinvestment Grants	n/a	CalCRG-2022-1979	\$ 173,112
California Workforce Development Board			
Breaking Barriers to Employment Initiative	n/a	00006849	367,984
California Health Care Services			
HEAR US - Behavioral Health Initiative	n/a	CA23BHR0386	367,612
California Department of Education			
Child Development Division			
General Child Care and Development Programs	n/a	CCTR-4285	718,304
California State Preschool Program	n/a	CSPP-4473	825,358
Childcare Food Program			
Center State meal reimbursement	n/a	1581-7A	<u>4,617</u>
			<u>2,456,987</u>
Total Expenditures of State Awards			<u>2,456,987</u>
			<u>\$ 4,280,477</u>
Total Expenditures of Federal and State Awards			<u>\$ 4,280,477</u>

See notes to schedule of expenditures of federal and state awards.

Compass Family Services

Notes to Schedule of Expenditures of Federal and State Awards

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, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the California Department of Education and California Department of Social Services Audit Guide. Because the Schedule presents only a selected portion of the operations of Compass, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Compass.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Note 4 – Subrecipients

Compass did not pass through any federal awards to subrecipients during the year ended June 30, 2025.

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Compass Family Services, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Compass Family Services' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Compass Family Services' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Baker Tilly US, LLP

San Francisco, California
December 18, 2025

Report of Independent Auditors on Compliance for The Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited Compass Family Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Compass Family Services' major federal program for the year ended June 30, 2025. Compass Family Services' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Compass Family Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2025.

Basis for Opinion on The Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

San Francisco, California
December 18, 2025

Compass Family Services
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

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 U.S. GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Programs and Type of Auditor’s Report Issued on Compliance for Major Federal Programs:

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

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Other Compliance Findings

None reported.

Compass Family Services
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

There were no findings noted in the prior audit.

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