



Reports of Independent Auditors and  
Consolidated Financial Statements with  
Supplementary Information

**Compass Family Services**

June 30, 2024 and 2023

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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 (“Compass”), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Compass Family Services of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 34 to 37 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 38 to 73 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of Compass Family Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Compass Family Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Compass Family Services' internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
November 15, 2024

## **Consolidated Financial Statements**

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**Compass Family Services**  
**Consolidated Statements of Financial Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,848,113	\$ 3,030,094
Restricted cash	1,097,378	990,743
Government grants receivable	6,884,697	7,440,514
Contributions receivable, net	1,115,837	1,209,530
Other receivable	81,929	-
Prepaid expenses and other assets	210,267	307,927
Investments	7,752,211	5,491,696
Client funds held in trust	<u>52,317</u>	<u>37,667</u>
Total current assets	<u>19,042,749</u>	<u>18,508,171</u>
<b>NONCURRENT ASSETS</b>		
Cash - replacement reserves	446,846	426,483
Investments - replacement reserves	465,406	435,035
Cash - operating reserve	84,914	83,823
NMTC leverage loan receivable	10,434,220	10,434,220
Endowment investments	587,248	536,806
Operating lease right-of-use assets	1,465,889	-
Finance lease right-of-use assets	36,899	61,928
Property, equipment, and leasehold improvements, net	<u>17,353,099</u>	<u>17,366,836</u>
Total noncurrent assets	<u>30,874,521</u>	<u>29,345,131</u>
Total assets	<u><u>\$ 49,917,270</u></u>	<u><u>\$ 47,853,302</u></u>

See accompanying notes.



**Compass Family Services**  
**Consolidated Statements of Financial Position (Continued)**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 2,177,465	\$ 1,964,180
Deferred revenue	1,383,424	1,431,542
Client funds held in trust	52,317	14,803
Loan payable, current portion	9,841	14,384
Operating lease liability, current portion	219,362	-
Finance lease liability, current portion	24,490	23,772
Notes payable - NMTC, current portion	2,492,806	-
Total current liabilities	<u>6,359,705</u>	<u>3,448,681</u>
<b>NONCURRENT LIABILITIES</b>		
Operating lease liability, current portion	1,303,133	-
Finance lease liability, net of current portion	14,600	39,000
Notes payable - NMTC, net of current portion	12,211,746	14,690,763
Total noncurrent liabilities	<u>13,529,479</u>	<u>14,729,763</u>
Total liabilities	<u>19,889,184</u>	<u>18,178,444</u>
<b>NET ASSETS</b>		
Without donor restrictions	25,099,567	24,521,542
With donor restrictions	4,928,519	5,153,316
Total net assets	<u>30,028,086</u>	<u>29,674,858</u>
Total liabilities and net assets	<u><u>\$ 49,917,270</u></u>	<u><u>\$ 47,853,302</u></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
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
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)	-
Total revenues, gains, and other support	31,238,572	(224,797)	31,013,775
<b>EXPENSES</b>			
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
Total program services	24,910,335	-	24,910,335
Support services:			
Management and general	4,170,398	-	4,170,398
Fundraising	1,579,814	-	1,579,814
Total support services	5,750,212	-	5,750,212
Total expenses	30,660,547	-	30,660,547
CHANGE IN NET ASSETS	578,025	(224,797)	353,228
NET ASSETS, beginning of year	24,521,542	5,153,316	29,674,858
NET ASSETS, end of year	\$ 25,099,567	\$ 4,928,519	\$ 30,028,086

See accompanying notes.

**Compass Family Services**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	2023 Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Government grants	\$ 15,338,821	\$ -	\$ 15,338,821
Contributions	3,095,989	2,844,295	5,940,284
Contributed services	457,192	-	457,192
Special events	332,648	-	332,648
In-kind contributions	687,733	-	687,733
Program service fees	15,289	-	15,289
Interest and investment income, net	172,299	12,541	184,840
Realized and unrealized gain on investments	110,740	26,947	137,687
NMTC leverage loan interest	207,109	-	207,109
Other income	960,037	-	960,037
Net assets released from restriction	2,793,695	(2,793,695)	-
<b>Total revenues, gains, and other support</b>	<b>24,171,552</b>	<b>90,088</b>	<b>24,261,640</b>
<b>EXPENSES</b>			
Program services:			
Compass SF Home	4,438,457	-	4,438,457
Compass Children's Center	3,768,568	-	3,768,568
Compass Behavioral Health Services	1,906,066	-	1,906,066
Compass Clara House	1,466,619	-	1,466,619
Compass C-RENT	1,258,722	-	1,258,722
Compass Family Shelter	1,226,830	-	1,226,830
Central City Access Point	1,058,136	-	1,058,136
Compass Family Resource Center	817,205	-	817,205
Compass Childcare Support Services	686,987	-	686,987
Compass C-WORK	462,596	-	462,596
Compass Permanent Supportive Housing at the Margot	329,124	-	329,124
Compass Brief Stays	245,333	-	245,333
<b>Total program services</b>	<b>17,664,643</b>	<b>-</b>	<b>17,664,643</b>
Support services:			
Management and general	4,207,526	-	4,207,526
Fundraising	1,265,476	-	1,265,476
<b>Total support services</b>	<b>5,473,002</b>	<b>-</b>	<b>5,473,002</b>
<b>Total expenses</b>	<b>23,137,645</b>	<b>-</b>	<b>23,137,645</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,033,907</b>	<b>90,088</b>	<b>1,123,995</b>
<b>NET ASSETS, beginning of year</b>	<b>23,487,635</b>	<b>5,063,228</b>	<b>28,550,863</b>
<b>NET ASSETS, end of year</b>	<b>\$ 24,521,542</b>	<b>\$ 5,153,316</b>	<b>\$ 29,674,858</b>

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 SF Home	Compass Clara House	Compass C-RENT	Central City Access Point	Compass Family Resource Center	Compass C-WORK	Compass Childcare Support Services	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	2,624	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	4,406	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
	\$ 1,435,435	\$ 4,104,164	\$ 9,850,671	\$ 1,636,800	\$ 1,258,441	\$ 947,056	\$ 980,105	\$ 521,579	\$ 660,867	\$ 334,047	\$ 1,969,199	\$ 1,211,971	\$ 24,910,335	\$ 4,170,398	\$ 1,579,814	\$ 30,660,547

See accompanying notes.

# Compass Family Services

## Consolidated Statements of Functional Expenses

### Year Ended June 30, 2023

	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 C-WORK	Compass Childcare Support Services	Permanent Supportive Housing at the Margot	Compass Behavioral Health Services	Compass Brief Stays	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 529,164	\$ 2,079,864	\$ 1,173,953	\$ 775,367	\$ 359,070	\$ 457,286	\$ 503,241	\$ 258,597	\$ 415,442	\$ 204,863	\$ 1,204,322	\$ 46,635	\$ 8,007,804	\$ 1,520,922	\$ 685,704	\$ 10,214,430
Housing assistance	3,662	-	2,046,016	-	683,059	191,886	-	-	19,670	-	9,200	166,375	3,119,868	-	-	3,119,868
Employee benefits	149,250	663,727	299,289	223,720	98,565	126,269	138,025	73,158	116,102	57,083	349,171	13,916	2,308,275	413,931	163,546	2,885,752
Client assistance - other	311,591	180,297	698,676	125,910	49,108	171,340	74,921	68,101	59,028	34,078	133,942	7,359	1,914,351	-	-	1,914,351
Professional fees	19,350	262,197	52,091	27,247	13,148	16,078	20,187	10,413	15,950	5,080	83,874	295	525,910	1,070,899	17,261	1,614,070
Depreciation and amortization	50,095	140,758	1,977	88,514	393	449	172	515	399	228	837	169	284,506	265,333	16,416	566,255
Rent and occupancy	57,836	129,710	26,756	100,437	17,635	19,139	21,217	12,905	18,998	244	39,622	-	444,499	23,265	16,538	484,302
Contributed services	-	-	24,070	-	-	-	-	-	-	-	-	-	24,070	433,122	-	457,192
Program expenses	48,226	196,795	9,950	63,031	4,745	5,589	10,807	6,661	5,261	12,755	11,403	-	375,223	713	13,762	389,698
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	241,960	-	241,960
Special events	-	1,405	-	-	-	-	-	-	-	-	-	-	1,405	-	239,160	240,565
Licenses and fees - technology	7,554	22,382	13,574	8,994	4,942	32,247	15,194	8,989	6,757	2,416	11,497	177	134,723	35,998	15,952	186,673
Licenses and fees - other	1,618	10,517	2,180	5,991	805	939	1,401	730	939	401	2,020	47	27,588	112,464	27,653	167,705
Equipment maintenance	7,310	7,184	28,477	3,206	6,345	15,312	8,035	4,900	12,246	5,750	12,769	5,821	117,355	37,262	4,875	159,492
Telephone	12,882	25,601	14,471	21,100	5,840	6,433	6,753	4,248	6,000	2,158	14,650	527	120,663	18,043	9,022	147,728
Miscellaneous	10,059	16,674	9,586	10,688	4,834	5,331	5,343	2,645	3,210	1,001	11,316	725	81,412	3,006	35,012	119,430
Insurance	7,402	22,153	12,004	8,845	4,627	5,400	7,432	4,280	5,400	2,307	11,256	-	91,106	19,818	6,934	117,858
Travel, training, and hiring	7,059	4,079	19,475	1,589	3,330	578	1,165	4,383	569	468	7,837	2,209	52,741	7,292	5,075	65,108
Office supplies	3,558	3,569	5,644	1,855	2,210	3,707	3,194	1,956	939	259	2,189	1,078	30,158	3,215	1,052	34,425
Printing	214	1,656	268	125	66	153	118	115	77	33	161	-	2,986	283	7,514	10,783
	\$ 1,226,830	\$ 3,768,568	\$ 4,438,457	\$ 1,466,619	\$1,258,722	\$ 1,058,136	\$ 817,205	\$ 462,596	\$ 686,987	\$ 329,124	\$ 1,906,066	\$ 245,333	\$ 17,664,643	\$ 4,207,526	\$ 1,265,476	\$ 23,137,645

See accompanying notes.

**Compass Family Services**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 353,228	\$ 1,123,995
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	781,777	566,255
Net realized and unrealized losses on investments	(310,160)	(137,687)
Changes in operating assets and liabilities:		
Government grants receivable	555,817	(5,372,867)
Contributions receivable	11,764	160,699
Prepaid expenses and other assets	97,660	(214,735)
Clients funds held in trust, net	22,864	(22,864)
Accounts payable and accrued expenses	213,285	751,975
Operating lease liability	56,606	-
Deferred revenue	(48,118)	1,317,193
Net cash provided by (used in) operating activities	<u>1,734,723</u>	<u>(1,828,036)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, equipment, and leasehold improvements	(528,010)	(187,648)
Proceeds from the sale of investments	5,834,673	41,430
Purchases of investments	<u>(7,866,421)</u>	<u>(1,597,759)</u>
Net cash used in investing activities	<u>(2,559,758)</u>	<u>(1,743,977)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance lease liabilities	2,243,421	(23,128)
Payment on loans payable	<u>(4,542)</u>	<u>(4,542)</u>
Net cash used in financing activities	<u>2,238,879</u>	<u>(27,670)</u>
<b>NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<u>1,413,844</u>	<u>(3,599,683)</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year</b>	<u>4,531,143</u>	<u>8,130,826</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year</b>	<u><u>\$ 5,944,987</u></u>	<u><u>\$ 4,531,143</u></u>

See accompanying notes.

**Compass Family Services**  
**Consolidated Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
CONSISTED OF THE FOLLOWING		
Cash and cash equivalents	\$ 1,848,113	\$ 3,030,094
Restricted cash	1,097,378	990,743
Cash - replacement reserves	446,846	426,483
Cash - operating reserves	84,914	83,823
	<u>\$ 3,477,251</u>	<u>\$ 4,531,143</u>
Total cash, cash equivalents, and restricted cash		
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	\$ 269,615	\$ 241,960
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Finance right-of-use asset in exchange for finance lease liability	\$ -	\$ 85,900
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**

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



## Compass Family Services

### Notes to Consolidated Financial Statements

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#### **Note 2 – Summary of Significant Accounting Policies**

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

*Net assets without donor restrictions* – Net assets not subject to donor-imposed stipulations. At June 30, 2024 and 2023, 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).

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

## Compass Family Services

### Notes to Consolidated Financial Statements

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

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

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

Donations to Compass' Adopt-A-Family program are considered contributions without donor restrictions because Compass has discretion over which families receive the support. The Adopt-A-Family program generated approximately \$370,222 and \$383,828 in gifts contributed to families during the years ended June 30, 2024 and 2023, and is recognized in the consolidated financial statements of activities and changes in net assets as contributions and expenses.

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

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

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

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

**Restricted cash** – Restricted cash consists of cash restricted for programs and is deposited into a separate cash account. Amounts are periodically transferred to the unrestricted cash account based upon allowable program expenditures. Restricted cash at June 30, are as follows:

	2024	2023
Leverage Loan Receipts	\$ 964,100	\$ 789,518
QALICB	133,278	201,225
	<u>\$ 1,097,378</u>	<u>\$ 990,743</u>

## Compass Family Services

### Notes to Consolidated Financial Statements

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**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, 2024 and 2023.

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, 2024, the allowance for losses totaled \$244,944. At June 30, 2023, the allowance for losses totaled \$167,119.

At June 30, 2024 and 2023, management expects all government grants receivable, contributions 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.

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.

## Compass Family Services

### Notes to Consolidated Financial Statements

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**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, 2024 and 2023.

**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.

## Compass Family Services

### Notes to Consolidated Financial Statements

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

**Functional expense allocation** – The costs of providing various programs and supporting activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses 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, 2024 and 2023, QALICB expenses of \$597,591 and \$545,163, 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, 2024 and 2023, 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, 2024 and 2023 was \$735,906 and \$583,265, respectively, and is included in accounts payable and accrued expenses in the consolidated statements of financial position.

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

**Recently adopted accounting pronouncements** – On July 1, 2023, Compass adopted Accounting Standards Update (ASU) 2016-13, *Financial Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivables and grant receivables. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

## Compass Family Services

### Notes to Consolidated Financial Statements

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#### 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, 2024 and 2023, the excess reserve of \$172,615 and \$167,091, 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, 2024 and 2023, \$465,406 and \$435,035, 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, 2024 and 2023:

	2024		
	Compass Clara House	Compass Children's Center	Total
Balance, beginning of year	\$ 414,195	\$ 447,323	\$ 861,518
Deposits	-	-	-
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>

  

	2023		
	Compass Clara House	Compass Children's Center	Total
Balance, beginning of year	\$ 410,910	\$ 422,102	\$ 833,012
Deposits	3,380	9,688	13,068
Dividend/interest received, net of bank fees	(95)	-	(95)
Realized/unrealized gain	-	15,533	15,533
Balance, end of year	<u>\$ 414,195</u>	<u>\$ 447,323</u>	<u>\$ 861,518</u>

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

## Compass Family Services

### Notes to Consolidated Financial Statements

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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:

	2024	2023
Balance, beginning of year	\$ 83,823	\$ 83,243
Dividend/interest received	1,091	580
Balance, end of year	<u>\$ 84,914</u>	<u>\$ 83,823</u>

#### Note 4 – Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2024	2023
Receivable in one year or less	<u>\$ 1,115,837</u>	<u>\$ 1,209,530</u>

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

#### Note 5 – Property and Equipment, Net

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

	2024	2023
Nondepreciable		
Land	\$ 6,288,000	\$ 6,288,000
Construction in progress	34,700	-
Depreciable:		
Building	14,318,053	14,318,053
Building improvements	1,572,145	1,221,981
Furniture and equipment	956,270	856,891
Leasehold improvements	<u>1,000,220</u>	<u>1,000,220</u>
Total property, equipment, and leasehold improvements	24,169,388	23,685,145
Less: accumulated depreciation	<u>(6,816,289)</u>	<u>(6,318,309)</u>
Total property, equipment, and leasehold improvements, net	<u>\$ 17,353,099</u>	<u>\$ 17,366,836</u>

## Compass Family Services

### Notes to Consolidated Financial Statements

Depreciation expenses for the years ended June 30, 2024 and 2023 was \$541,747 and \$528,494, respectively.

#### Note 6 – Investments

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

	2024	2023
Equity securities	\$ -	\$ 5,625
Bond mutual funds	1,806,354	3,137,365
Exchange traded funds	2,746,813	951,914
Equity mutual funds	1,385,665	885,252
Fixed income	2,866,033	1,483,381
	<u>\$ 8,804,865</u>	<u>\$ 6,463,537</u>

The following tables set forth by level, within the fair value hierarchy, Compass' assets at fair value as of June 30, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Fair Value
Bond mutual funds	\$ 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
	<u>\$ 8,804,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,804,865</u>

  

	2023			
	Level 1	Level 2	Level 3	Fair Value
Equity securities	\$ 5,625	\$ -	\$ -	\$ 5,625
Bond mutual funds	3,137,365	-	-	3,137,365
Exchange traded funds	951,914	-	-	951,914
Equity mutual funds	885,252	-	-	885,252
Fixed income	1,483,381	-	-	1,483,381
	<u>\$ 6,463,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,463,537</u>

#### 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 all property owned by Compass and has a maturity date of January 10, 2025. There was no outstanding balance on the line of credit at June 30, 2024.



## **Compass Family Services**

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

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#### **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.

The NMTC financing closed on June 28, 2018, and proceeds from the financing were deposited into an escrow account. On August 31, 2018, Compass closed on the purchase of 37 Grove Street at a purchase price of \$9,500,000. The 37 Grove Street property is held by Compass QALICB and leased to Compass Family Services. In connection with the purchase and rehabilitation of 37 Grove Street (37 Grove), LCD New Markets Fund XXVI, LLC Community Development Entity (LCD CDE), a single purpose Community Development Entity certified by the CDFI, made a senior Qualified Low Income Community Investment (QLICI) loan in the amount of \$9,437,320 (“Loan A1”) and a subordinate loan in the amount of \$4,194,680 (“Loan B1”) and Chase New Markets Corporation Community Development Entity (CNMC CDE), a single purpose Community Development Entity certified by the CDFI, made a senior loan in the amount of \$996,900 (“Loan A2”) and a subordinate loan in the amount of \$503,100 (“Loan B2”) to Compass QALICB. All loans are secured by trust deeds on the 37 Grove Street property and are payable interest only for the compliance period, after which each amortizes in level payments over the balance of its thirty-seven-year term.

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

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

## Compass Family Services

### Notes to Consolidated Financial Statements

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

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

#### **Note 9 – Notes Payable – NMTC, Net**

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

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

	2024	2023
QLICI Loan A1	\$ 9,437,320	\$ 9,437,320
QLICI Loan B1	4,194,680	4,194,680
QLICI Loan A2	996,900	996,900
QLICI Loan B2	503,100	503,100
	15,132,000	15,132,000
Less: unamortized debt issuance costs	(427,448)	(441,237)
	<u>\$ 14,704,552</u>	<u>\$ 14,690,763</u>

## Compass Family Services

### Notes to Consolidated Financial Statements

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Future maturities of the loan payable at June 30, 2024 are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 2,492,806
2026	342,936
2027	347,669
2028	352,469
2029	357,334
2030–2034	1,862,035
2035–2039	1,994,149
2040–2044	2,135,637
2045–2049	2,287,163
2050–2053	<u>2,959,802</u>
	<u><u>\$ 15,132,000</u></u>

#### 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:

	<u>2024</u>	<u>2023</u>
PG&E Retrofit loan payable	<u>\$ 9,841</u>	<u>\$ 14,384</u>
	<u><u>\$ 9,841</u></u>	<u><u>\$ 14,384</u></u>

The principal balance of \$9,841 will be paid during the fiscal year ended June 30, 2025.

## 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:

	2024	2023
Compass Family Shelter	\$ 50,000	\$ 64,610
Compass Children's Center	563,201	1,110,190
Compass SF Home	161,122	4,152
Compass Clara House	233,497	260,000
Compass C-RENT	510,710	530,528
Central City Access Point	355,705	25,030
Compass Family Resource Center	301,303	312,073
Compass Childcare Support Services	-	2,700
Compass Behavioral Health Services	158,156	268,197
Cross-program support	751,289	795,984
Administration	102,383	104,989
Building - Compass Clara House	865,338	865,338
Building - Compass Children's Center	256,500	256,500
Donor-restricted endowment funds corpus	83,750	83,750
Unappropriated endowment earnings	535,565	469,275
	<u>\$ 4,928,519</u>	<u>\$ 5,153,316</u>

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

	2024	2023
Compass Family Shelter	\$ 17,710	\$ -
Compass Children's Center	1,219,717	930,574
Compass Clara House	279,003	222,585
Compass SF Home	484,508	124,598
Compass C-RENT	119,819	108,533
Compass Behavioral Health Services	344,235	445,281
Central City Access Point	35,241	5,509
Compass Family Resource Center	164,881	84,251
Compass Childcare Support Services	3,100	-
Compass C-Work	14,330	-
Compass The Margot	3,000	-
Cross-program support	760,984	717,002
Administration	13,975	97,826
Building - Compass Clara House	-	44,036
Building - Compass Children's Center	-	13,500
	<u>\$ 3,460,503</u>	<u>\$ 2,793,695</u>

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

## Compass Family Services

### Notes to Consolidated Financial Statements

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#### 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 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, 2024 and 2023, there were no such deficiencies.

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

## Compass Family Services

### Notes to Consolidated Financial Statements

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**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, 2024 and 2023 is as follows:

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

  

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 553,025	\$ 553,025

## Compass Family Services

### Notes to Consolidated Financial Statements

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Changes in endowment net assets for the fiscal years ended June 30, 2024 and 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2022	\$ -	\$ 505,931	\$ 505,931
Investment return:			
Investment income, net	-	13,513	13,513
Total investment return	-	13,513	13,513
Realized and unrealized gain	-	33,581	33,581
	-	47,094	47,094
Balance, June 30, 2023	-	553,025	553,025
Investment return:			
Investment income, net	-	15,847	15,847
Total investment return	-	15,847	15,847
Realized and unrealized gain	-	50,442	50,442
	-	66,289	66,289
Balance, June 30, 2024	\$ -	\$ 619,314	\$ 619,314

#### 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, 2024 and 2023, contributed \$426,938 and \$332,645 to the Plan, respectively.

## Compass Family Services

### Notes to Consolidated Financial Statements

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#### 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:

	2024	2023
In-kind contributions of materials and supplies	\$ 902,304	\$ 687,733
Contributed services	64,428	457,192
	<u>\$ 966,732</u>	<u>\$ 1,144,925</u>

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:

	2024	2023
Holiday gifts	\$ 370,222	\$ 383,828
Basic needs	532,082	303,905
Professional services	64,428	457,192
	<u>\$ 966,732</u>	<u>\$ 1,144,925</u>

**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 2024 and 2023. The value for goods are based on the cost of the goods donated.

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

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

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, 2024 and 2023. There were no materials or supplies monetized for the years ended June 30, 2024 and 2023.



## Compass Family Services

### Notes to Consolidated Financial Statements

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#### 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 4<sup>th</sup> 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, 2024, 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>		
2025	\$	249,874
2026		247,244
2027		244,989
2028		252,914
2029		261,105
Thereafter		<u>519,349</u>
Total lease payments		1,775,475
Less imputed interest		<u>(213,890)</u>
	\$	<u><u>1,561,585</u></u>

## Compass Family Services

### Notes to Consolidated Financial Statements

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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.

	2024	2023
Operating lease cost	\$ 226,230	\$ -
Finance lease cost	<u>23,682</u>	<u>25,200</u>
Total lease cost	\$ 249,912	\$ 25,200
Weighted-average remaining lease term in years	6.53	2.58
Weighted-average discount rate	3.87%	2.75%

In July 2018, Compass entered into a sublease agreement for its administrative offices. The sublease requires monthly payments of \$10,667 through April 2023. Compass did not have any subleases at June 30, 2024.

**Restrictions on use of property** – Compass received grant funding amounting to \$1,985,243 in prior years for the development of Compass Clara House, and received an additional development grant \$115,000. The terms of the agreements have placed certain restrictions on the use and disposition of the property for a period of fifty years. A portion of these grants may have to be repaid should there be any violation in the restrictions. Restrictions on such grants apply for ten years after the estimated useful life of the property, and are amortized using the method of accounting stated in Note 2. Total amount amortized was \$44,036 in 2024 and 2023.

#### 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, 2024, 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

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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:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 1,848,113	\$ 3,030,094
Government grants receivable	6,884,697	7,440,514
Contributions receivable, net - current portion	1,115,837	1,209,530
Other receivable	81,929	-
Investments - current portion	7,752,211	5,491,696
	17,682,787	17,171,834
Less: amounts unavailable for general expenditures within one year, due to Donor restrictions	(200,000)	(200,000)
Total funds available for general expenditures within one year	<u>\$ 17,482,787</u>	<u>\$ 16,971,834</u>

Compass has financial assets available at June 30, 2024 and 2023, to cover approximately 283 and 274 days of operating expenses based on the fiscal year 2024 and 2023 budget, respectively. The fiscal year 2024 and 2023 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.

#### 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 November 15, 2024, which is the date the consolidated financial statements were available to be issued.

## **Supplementary Information**

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**Compass Family Services**  
**Consolidating Statement of Financial Position**  
**June 30, 2024**

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,641,434	\$ 206,679	\$ -	\$ 1,848,113
Restricted cash	964,100	133,278	-	1,097,378
Government grants receivable	6,884,697	-	-	6,884,697
Contributions receivable, net	1,115,837	-	-	1,115,837
Other receivable, net	81,929	-	-	81,929
Deferred rent	-	2,707,211	2,707,211	-
Prepaid expenses and other assets	297,182	-	86,915	210,267
Investments	7,752,211	-	-	7,752,211
Client funds held in trust	52,317.00	-	-	52,317
Total current assets	<u>18,789,707</u>	<u>3,047,168</u>	<u>2,794,126</u>	<u>19,042,749</u>
<b>NONCURRENT ASSETS</b>				
Cash - replacement reserves	446,846	-	-	446,846
Investments - replacement reserves	465,406	-	-	465,406
Cash - operating reserve	84,914	-	-	84,914
NMTC leverage loan receivable	10,434,220	-	-	10,434,220
Endowment investments	587,248	-	-	587,248
Operating lease right-of-use assets	1,465,889	-	-	1,465,889
Finance lease right-of-use assets	36,899	-	-	36,899
Property, equipment, and leasehold improvements, net	4,263,345	13,089,754	-	17,353,099
Total noncurrent assets	<u>17,784,767</u>	<u>13,089,754</u>	<u>-</u>	<u>30,874,521</u>
Total assets	<u><u>\$ 36,574,474</u></u>	<u><u>\$ 16,136,922</u></u>	<u><u>\$ 2,794,126</u></u>	<u><u>\$ 49,917,270</u></u>

See report of independent auditors.

**Compass Family Services**  
**Consolidating Statement of Financial Position (Continued)**  
**June 30, 2024**

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 4,879,525	\$ 92,066	\$ 2,794,126	\$ 2,177,465
Deferred revenue	1,383,424	-	-	1,383,424
Client funds held in trust	52,317	-	-	52,317
Loan payable, current portion	9,841	-	-	9,841
Operating lease liability, current portion	219,362	-	-	219,362
Finance lease liability, current portion	24,490	-	-	24,490
Notes payable - NMTC, current portion	-	2,492,806	-	2,492,806
Total current liabilities	<u>6,568,959</u>	<u>2,584,872</u>	<u>2,794,126</u>	<u>6,359,705</u>
<b>NONCURRENT LIABILITIES</b>				
Operating lease liability, net of current portion	1,303,133	-	-	1,303,133
Finance lease liability, net of current portion	14,600	-	-	14,600
Notes payable - NMTC, net of current portion	-	12,211,746	-	12,211,746
Total noncurrent liabilities	<u>1,317,733</u>	<u>12,211,746</u>	<u>-</u>	<u>13,529,479</u>
Total liabilities	<u>7,886,692</u>	<u>14,796,618</u>	<u>2,794,126</u>	<u>19,889,184</u>
<b>NET ASSETS</b>				
Without donor restrictions	23,759,263	1,340,304	-	25,099,567
With donor restrictions	4,928,519	-	-	4,928,519
Total net assets	<u>28,687,782</u>	<u>1,340,304</u>	<u>-</u>	<u>30,028,086</u>
Total liabilities and net assets	<u>\$ 36,574,474</u>	<u>\$ 16,136,922</u>	<u>\$ 2,794,126</u>	<u>\$ 49,917,270</u>

See report of independent auditors.

**Compass Family Services**  
**Consolidating Schedule of Activities and Changes in Net Assets**  
**Year Ended June 30, 2024**

	Compass Family Services	Compass QALICB	Eliminating Entries	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Government grants	\$ 23,074,992	\$ -	\$ -	\$ 23,074,992
Contributions	5,438,555	-	-	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	350,265	1,645	-	351,910
Realized and unrealized gains on investments	330,130	-	-	330,130
Rental income	-	654,881	(654,881)	-
NMTC leverage loan interest	207,109	-	-	207,109
Total revenues, gains, and other support	31,012,130	656,526	(654,881)	31,013,775
<b>EXPENSES</b>				
Compass Family Shelter	1,435,435	-	-	1,435,435
Compass Children's Center	4,104,164	-	-	4,104,164
Compass SF Home	9,850,671	-	-	9,850,671
Compass Clara House	1,636,800	-	-	1,636,800
Compass C-RENT	1,317,379	-	(58,938)	1,258,441
Central City Access Point	1,012,964	-	(65,908)	947,056
Compass Family Resource Center	1,006,090	-	(25,985)	980,105
Compass C-WORK	599,535	-	(77,956)	521,579
Compass Childcare Support Services	720,016	-	(59,149)	660,867
Compass Permanent Supportive Housing at the Margot	334,047	-	-	334,047
Compass Behavioral Services	2,093,836	-	(124,637)	1,969,199
Compass Brief Stays	1,211,971	-	-	1,211,971
Management and general	3,743,495	597,592	(170,689)	4,170,398
Fundraising	1,651,433	-	(71,619)	1,579,814
Total expenses	30,717,836	597,592	(654,881)	30,660,547
CHANGE IN NET ASSETS	294,294	58,934	-	353,228
NET ASSETS, beginning of year	28,393,488	1,281,370	-	29,674,858
NET ASSETS, end of year	\$ 28,687,782	\$ 1,340,304	\$ -	\$ 30,028,086

See report of independent auditors.

**Compass Family Services**  
**Statements of Cash Flows for Compass QALICB**  
**Year Ended June 30, 2024**

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CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 58,934
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation and amortization	(2,259,379)
Changes in operating assets and liabilities:	
Prepaid expense and other assets	-
Accounts payable and accrued expenses	34,422
Due to Compass Family Services	-
Deferred rent	<u>(444,881)</u>
Net cash used in operating activities	<u>(2,610,904)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,610,904)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>458,055</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u><u>\$ (2,152,849)</u></u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTED OF THE FOLLOWING	
Cash and cash equivalents	\$ 206,679
Restricted cash - QALICB	<u>133,278</u>
	<u><u>\$ 339,957</u></u>

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See report of independent auditors.



**Compass Family Services**  
**General Information**  
**Year Ended June 30, 2024**

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Center Name	Compass Children's Center
Contract Numbers	CCTR-3260 CSPP-3480
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, 2023 through June 30, 2024
Number of Operations Days of Agency	246
Scheduled Daily Hours of Operation	Agency: 9:00am to 5:00pm Center: 7:45am to 6:00pm

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See report of independent auditors.

**Compass Family Services**  
**Combining Statement of Financial Position**  
**Year Ended June 30, 2024**

	Child Development Funds	Other Funds	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,848,113	\$ 1,848,113
Restricted cash	187,717	909,661	1,097,378
Government grant receivable	196,784	6,687,913	6,884,697
Contributions receivable, net	375,484	740,353	1,115,837
Other accounts receivable	-	81,929	81,929
Prepaid expenses	1,549	208,718	210,267
Investments	-	7,752,211	7,752,211
Client funds held in trust	-	52,317	52,317
	<u>761,534</u>	<u>18,281,215</u>	<u>19,042,749</u>
Total current assets			
<b>NONCURRENT ASSETS</b>			
Replacement reserve	492,531	419,721	912,252
Operating reserve	-	84,914	84,914
NMTC leverage loan receivable	-	10,434,220	10,434,220
Endowment investments	-	587,248	587,248
Operating lease right-of-use assets	-	1,465,889	1,465,889
Finance lease right-of-use assets	-	36,899	36,899
Property and equipment, net	2,095,838	15,257,261	17,353,099
	<u>2,588,369</u>	<u>28,286,152</u>	<u>30,874,521</u>
Total noncurrent assets			
Total assets	<u>\$ 3,349,903</u>	<u>\$ 46,567,367</u>	<u>\$ 49,917,270</u>

See report of independent auditors.

**Compass Family Services**  
**Combining Statement of Financial Position**  
**Year Ended June 30, 2024**

	Child Development Funds	Other Funds	Total
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 82,927	\$ 2,094,538	\$ 2,177,465
Deferred revenue	531,895	851,529	1,383,424
Client funds held in trust	-	52,317	52,317
Operating lease liability, current portion	-	219,362	219,362
Finance lease liability, current portion	-	24,490	24,490
Notes payable, current portion	9,841	-	9,841
Notes payable, NMTC, current	-	2,492,806	2,492,806
Total current liabilities	<u>624,663</u>	<u>5,735,042</u>	<u>6,359,705</u>
Operating lease liability, net of current portion	-	1,303,133	1,303,133
Finance lease liability, net of current portion	-	14,600	14,600
Notes payable, NMTC, net	-	12,211,746	12,211,746
Due to/from other funds	<u>(2,026,014)</u>	<u>2,026,014</u>	<u>-</u>
Total long-term liabilities	<u>(2,026,014)</u>	<u>15,555,493</u>	<u>13,529,479</u>
Total liabilities	<u>(1,401,351)</u>	<u>21,290,535</u>	<u>19,889,184</u>
<b>NET ASSETS</b>			
Without donor restrictions	3,931,553	21,168,014	25,099,567
With donor restrictions	<u>819,701</u>	<u>4,108,818</u>	<u>4,928,519</u>
Total net assets	<u>4,751,254</u>	<u>25,276,832</u>	<u>30,028,086</u>
Total liabilities and net assets	<u>\$ 3,349,903</u>	<u>\$ 46,567,367</u>	<u>\$ 49,917,270</u>

See report of independent auditors.

# Compass Family Services

## Combining Statement of Activities

### Year Ended June 30, 2024

	Without Donor Restrictions							With Donor Restrictions			Total	
	CCTR-3260	CSPP-3480	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	\$ 33,436	\$ 53,251	\$ 15,911	\$ -	\$ 86,687	\$ 15,911	\$ 102,598	\$ -	\$ -	\$ -	\$ 86,687	\$ 102,598
American Rescue Plan Act (ARPA)	73,136	199,857	-	-	272,993	-	272,993	-	-	-	272,993	272,993
Other:												
Government grants	9,851	18,490	-	-	28,341	-	28,341	-	-	-	28,341	28,341
Program service fees (Family fees - certified)	4,097	3,567	-	-	7,664	-	7,664	-	-	-	7,664	7,664
Subtotal CCD restricted	120,520	275,165	15,911	-	395,685	15,911	411,596	-	-	-	395,685	411,596
CCD unrestricted revenue:												
Program service fees (Family Fees - noncertified)	-	6,194	-	-	6,194	-	6,194	-	-	-	6,194	6,194
Other:												
Government grants	559,355	890,825	-	-	1,450,180	-	1,450,180	-	-	-	1,450,180	1,450,180
Contributions (earned)	290,587	365,523	-	-	375,624	-	375,624	280,486	-	-	375,624	375,624
Subtotal unrestricted	849,942	1,262,542	-	-	1,831,998	-	1,831,998	280,486	-	280,486	2,112,484	1,831,998
CCD supplemental:												
Government grants	5,603	68,490	-	-	74,093	-	74,093	-	-	-	74,093	74,093
Contributions (earned)	326,794	587,572	-	-	914,366	-	914,366	-	-	-	914,366	914,366
Contributions (in-kind)	-	180,460	-	-	180,460	-	180,460	-	-	-	180,460	180,460
Interest and investment income (non-CDE/CDSS funds)	6,169	9,824	-	-	15,993	-	15,993	-	-	-	15,993	15,993
Realized and unrealized gain on investments	11,714	18,656	-	-	30,370	-	30,370	-	-	-	30,370	30,370
Subtotal supplemental	350,280	865,002	-	-	1,215,282	-	1,215,282	-	-	-	1,215,282	1,215,282
GAAP ADDITIONS AND ADJUSTMENTS												
California Dept. of Social Services	1,218,887	-	-	-	1,218,887	-	1,218,887	-	-	-	1,218,887	1,218,887
California Dept. of Education	-	825,358	-	-	825,358	-	825,358	-	-	-	825,358	825,358
Government grants	-	-	(15,911)	-	-	19,102,542	19,102,542	-	-	-	-	19,102,542
Contributions (earned) - subtract CDE/CDSS report amounts	-	-	-	(1,750,934)	(1,750,934)	-	(1,750,934)	-	-	-	(1,750,934)	(1,750,934)
Contributions (received)	-	-	-	-	-	2,873,620	2,873,620	684,451	2,204,482	2,888,933	684,451	5,762,553
Contributed services	-	-	-	-	-	64,428	64,428	-	-	-	-	64,428
Contributions (in-kind)	-	-	-	180,460	180,460	721,844	902,304	-	-	-	180,460	902,304
Special events	-	-	-	-	-	628,710	628,710	-	-	-	-	628,710
Program service fee - FY24 CCC waived - restricted	(4,097)	(3,221)	-	-	(7,318)	-	(7,318)	-	-	-	(7,318)	(7,318)
Program service fee - FY24 CCC waived - unrestricted	-	(6,194)	-	-	(6,194)	15,291	9,097	-	-	-	(6,194)	9,097
NMTC Leverage Loan Interest	-	-	-	-	-	207,109	207,109	-	-	-	-	207,109
Interest and investment income	-	-	-	-	-	320,070	320,070	-	15,845	15,845	-	335,915
Realized and unrealized gain on investments	-	-	-	-	-	249,318	249,318	-	50,442	50,442	-	299,760
Other income	-	-	-	-	-	(323,998)	(323,998)	-	-	-	-	(323,998)
Subtotal revenues	2,535,532	3,218,652	-	(1,570,474)	3,903,224	23,874,845	27,778,069	964,937	2,270,769	3,235,706	4,868,161	31,013,775
NET ASSETS RELEASED FROM RESTRICTION												
Satisfaction of program restrictions	-	-	-	1,226,440	1,226,440	2,234,063	3,460,503	(1,226,440)	(2,234,063)	(3,460,503)	-	-
Total revenues and support	2,535,532	3,218,652	-	(344,034)	5,129,664	26,108,908	31,238,572	(261,503)	36,706	(224,797)	4,868,161	31,013,775

See report of independent auditors.

# Compass Family Services

## Combining Statement of Activities

### Year Ended June 30, 2024

	Without Donor Restrictions						With Donor Restrictions			Total		
	CCTR-3260	CSPP-3480	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	\$ 1,015,737	\$ 1,300,954	\$ -	\$ -	\$ 2,316,691	\$ 9,726,478	\$ 12,043,169	\$ -	\$ -	\$ -	\$ 2,316,691	\$ 12,043,169
Employee benefits	282,735	360,331	-	-	643,066	2,730,716	3,373,782	-	-	-	643,066	3,373,782
Professional fees	120,557	184,335	-	-	304,892	1,080,774	1,385,666	-	-	-	304,892	1,385,666
Housing Assistance	-	-	-	-	-	7,722,330	7,722,330	-	-	-	-	7,722,330
Client assistance	20,136	215,235	-	-	235,371	1,860,145	2,095,516	-	-	-	235,371	2,095,516
Rent and occupancy	46,800	72,121	-	-	118,921	550,085	669,006	-	-	-	118,921	669,006
Contributed services	-	-	-	-	-	64,428	64,428	-	-	-	-	64,428
Office supplies	1,009	1,364	-	-	2,373	44,906	47,279	-	-	-	2,373	47,279
Program expenses	75,029	113,850	-	-	188,879	487,437	676,316	-	-	-	188,879	676,316
Telephone	12,882	17,612	-	-	30,494	120,765	151,259	-	-	-	30,494	151,259
License and fees - technology	10,406	12,332	-	-	22,738	176,313	199,051	-	-	-	22,738	199,051
License and fees - other	5,627	6,660	-	-	12,287	95,039	107,326	-	-	-	12,287	107,326
Insurance	7,765	11,842	-	-	19,607	116,070	135,677	-	-	-	19,607	135,677
Equipment maintenance	9,939	12,916	-	-	22,855	248,738	271,593	-	-	-	22,855	271,593
Printing, postage	689	1,055	-	-	1,744	16,407	18,151	-	-	-	1,744	18,151
Travel and conferences, training	12,846	18,536	-	-	31,382	191,039	222,421	-	-	-	31,382	222,421
Interest	-	-	-	-	-	269,853	269,853	-	-	-	-	269,853
Miscellaneous	4,580	6,209	-	-	10,789	143,501	154,290	-	-	-	10,789	154,290
Cost of special event	-	96	-	-	96	271,561	271,657	-	-	-	96	271,657
Depreciation and amortization	55,383	86,596	-	-	141,979	639,798	781,777	-	-	-	141,979	781,777
Administrative costs	244,010	323,233	-	(567,243)	-	-	-	-	-	-	-	-
Total expenses	1,926,130	2,745,277	-	(567,243)	4,104,164	26,556,383	30,660,547	-	-	-	4,104,164	30,660,547
CHANGE IN NET ASSETS	609,402	473,375	-	223,209	1,025,500	(447,475)	578,025	(261,503)	36,706	(224,797)	763,997	353,228
NET (DEFICIT) ASSETS, beginning of year	(1,268,160)	(825,553)	-	4,714,281	2,620,568	21,900,974	24,521,542	1,366,692	3,786,624	5,153,316	3,987,260	29,674,858
NET (DEFICIT) ASSETS, end of year	\$ (658,758)	\$ (352,178)	\$ -	\$ 4,937,490	\$ 3,646,068	\$ 21,453,499	\$ 25,099,567	\$ 1,105,189	\$ 3,823,330	\$ 4,928,519	\$ 4,751,257	\$ 30,028,086

See report of independent auditors.

**Compass Family Services**  
**Combining Schedule of Claimed Renovation and Repair Expenditures**  
**Year Ended June 30, 2024**

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	CCTR-3260	CSPP-3480	Compass Children's Center Total	Compass Clara House	Total
Unit cost under \$10,000					
Water heater replacement	\$ -	\$ -	\$ -	\$ -	\$ -
Interior painting - childcare	-	-	-	-	-
Door from childcare to courtyard playground	-	-	-	-	-
Childcare flooring	-	-	-	-	-
Outdoor playset	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal unit cost under \$10,000	-	-	-	-	-
Unit cost over \$10,000 (with CDE or CDSS approval)					
Interior paint	-	-	-	-	-
Exterior paint	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal unit cost over \$10,000	-	-	-	-	-
Unit cost over \$10,000 (without CDE or CDSS approval)					
Item	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<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, 2024**

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	<u>CCTR-3260</u>	<u>CSPP-3480</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>

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See accompanying notes.

**Compass Family Services**  
**Combining Schedule of Claimed Administrative Costs**  
**Year Ended June 30, 2024**

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	<u>CCTR-3260</u>	<u>CSPP-3480</u>	<u>Child Care Food Program</u>	<u>Total</u>
CCTR-9212 & CSPP-9484	\$ 137,964	\$ 162,638	\$ 7,881	\$ 308,483
CACFP - CCC	3,040	4,841	(7,881)	-
CACFP - CCH	<u>-</u>	<u>-</u>	<u>1,446</u>	<u>1,446</u>
	<u>\$ 141,004</u>	<u>\$ 167,479</u>	<u>\$ 1,446</u>	<u>\$ 309,929</u>

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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, 2024

Compass Children's Center											Compass Clara House
		CCTR-3260			CSPP-3480			Total Child Development	CACFP - CCC Included in CCTR and CSPP	Total CCC	CACFP - Clara House
		Reimbursable	Supplemental	Total	Reimbursable	Supplemental	Total				
1000	CERTIFIED SALARIES										
1100	Teacher's salaries	\$ 530,330	\$ 15,158	\$ 545,488	\$ 747,884	\$ -	\$ 747,884	\$ 1,293,372	\$ -	\$ 1,293,372	\$ -
1200	Administrators salaries	89,581	15,157	104,738	121,265	17,699	138,964	243,702	-	243,702	-
1300	Supervisor's salaries	91,609	-	91,609	97,978	-	97,978	189,587	-	189,587	-
1900	Other certified salaries	45,358	74,214	119,572	72,454	81,874	154,328	273,900	-	273,900	-
		756,878	104,529	861,407	1,039,581	99,573	1,139,154	2,000,561	-	2,000,561	-
2000	CLASSIFIED SALARIES										
2100	Instructional aide's salaries	56,387	934	57,321	74,875	398	75,273	132,594	-	132,594	-
2300	Clerical and other office salaries	33,950	6,774	40,724	30,652	4,404	35,056	75,780	-	75,780	-
2400	Maintenance/operations salaries	22,536	16,864	39,400	5,170	30,859	36,029	75,429	-	75,429	-
2500	Food service salaries	10,285	6,600	16,885	2,756	12,686	15,442	32,327	-	32,327	-
		123,158	31,172	154,330	113,453	48,347	161,800	316,130	-	316,130	-
3000	EMPLOYEE BENEFITS										
3300	Social Security	55,978	4,409	60,387	71,827	5,267	77,094	137,481	-	137,481	-
3400	Health and welfare benefits	144,040	11,900	155,940	186,514	12,984	199,498	355,438	-	355,438	-
3500	State Unemployment	2,016	163	2,179	2,528	269	2,797	4,976	-	4,976	-
3600	Workers' compensation	16,819	1,429	18,248	22,802	1,529	24,331	42,579	-	42,579	-
3900	Other benefits	33,304	12,677	45,981	42,901	13,710	56,611	102,592	-	102,592	-
		252,157	30,578	282,735	326,572	33,759	360,331	643,066	-	643,066	-
4000	BOOKS, SUPPLIES AND EQUIPMENT										
4200	Books other than textbooks	20,612	20,500	41,112	19,460	45,245	64,705	105,817	-	105,817	-
4300	Instructional material and supplies	6,550	-	6,550	13,520	1,406	14,926	21,476	-	21,476	-
4600	Pupil transportation supplies	6	67	73	10	297	307	380	-	380	-
4710	Food	10,268	4,806	15,074	(7,428)	24,860	17,432	32,506	78,806	111,312	14,464
4790	Other food service supplies	2,548	-	2,548	3,318	263	3,581	6,129	-	6,129	-
		39,984	25,373	65,357	28,880	72,071	100,951	166,308	78,806	245,114	14,464
5000	SERVICES/OTHER OPERATING EXPENSES										
5100	Contracts for personnel services	78,926	-	78,926	29,290	94,159	123,449	202,375	-	202,375	-
5200	Travel, conferences, and other	8,486	8,682	17,168	6,994	17,376	24,370	41,538	-	41,538	-
5400	Insurance	7,108	656	7,764	5,602	6,241	11,843	19,607	-	19,607	-
5500	Utilities and housekeeping	51,791	5,844	57,635	41,572	44,936	86,508	144,143	-	144,143	-
5600	Contracts, rent and leases	-	-	-	-	-	-	-	-	-	-
5700	Legal, election, and audit	38,598	3,033	41,631	20,279	40,607	60,886	102,517	-	102,517	-
5800	Other services and operating expenses (training)	22,560	6,826	29,386	14,170	23,022	37,192	66,578	-	66,578	-
		207,469	25,041	232,510	117,907	226,341	344,248	576,758	-	576,758	-
OTHER											
	Depreciation or use allowance	10,126	-	10,126	16,127	-	16,127	26,253	-	26,253	-
	Indirect - Administrative	137,964	103,006	240,970	162,638	155,754	318,392	559,362	7,881	567,243	1,446
	Nonreimbursables	-	30,577	30,577	-	229,157	229,157	259,734	-	259,734	-
		148,090	133,583	281,673	178,765	384,911	563,676	845,349	7,881	853,230	1,446
	Total expenditures by state categories	1,527,736	350,276	1,878,012	1,805,158	865,002	2,670,160	4,548,172	86,687	4,634,859	15,910
Adjustments:											
	Costs related to Child Care Food Program	33,436	-	33,436	53,251	-	53,251	86,687	(86,687)	-	-
	Total expenses as shown on the CDE and CDSS AUD forms	\$ 1,561,172	\$ 350,276	\$ 1,911,448	\$ 1,858,409	\$ 865,002	\$ 2,723,411	\$ 4,634,859	\$ -	\$ 4,634,859	\$ 15,910
Reconciling Items											
	Subtract items above:										
	Depreciation or use allowance	-	-	(10,126)	-	-	(16,127)	-	-	-	-
	Non-reimbursable	-	-	(30,577)	-	-	(229,157)	-	-	-	-
	Add: Depreciation from Statement of Activities (SOA)	-	-	55,385	-	-	86,596	-	-	-	-
	Add: In-kind from SOA	-	-	-	-	-	180,458	-	-	-	-
	Add: Special events from SOA	-	-	-	-	-	96	-	-	-	-
	Total of reimbursable and nonreimbursable expenditures (GAAP)	\$ 1,561,172	\$ 350,276	\$ 1,926,130	\$ 1,858,409	\$ 865,002	\$ 2,745,277	\$ 4,634,859	\$ -	\$ 4,634,859	\$ 15,910

See accompanying notes.

## **Compass Family Services**

### **Notes to Child Care and Development Programs Supplementary Information**

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#### **Note 1 – Interest Expense**

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2024.

#### **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, 2024.

#### **Note 3 – Bad Debt Expense**

Bad debt expense is unallowable unless it relates to uncollected family fees where documented of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2024.

## **Audited Attendance and Fiscal Reports**

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Contractor Name:

Contract Number:

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

Fiscal Year Ended: June 30, 2024

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:

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			
County Maintenance of Effort (EC Section 8260)			
American Rescue Plan Act (ARPA)			
Other:			
<b>TOTAL RESTRICTED INCOME</b>			

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
Waived Family Fees for Certified Children (July – September)			
Family Fees for Certified Children (October – June)			
Interest Earned on Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Other:			
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)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Indirect Costs (include in Total Administrative Cost)			
<b>TOTAL REIMBURSABLE EXPENSES</b>			

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

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)			
Total Staff Training Cost (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:			
<b>TOTAL SUPPLEMENTAL REVENUE</b>			

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			
<b>TOTAL SUPPLEMENTAL EXPENSES</b>			

**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 (October - June)			
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			
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
Three Years Old Full-time-plus				2.1240	
Three Years Old Full-time				1.8000	
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					
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>				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
<b>DAYS OF ATTENDANCE</b>				N/A	N/A

**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
Three Years Old Full-time-plus				2.2240	
Three Years Old Full-time				1.9000	
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					
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES</b>				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
<b>DAYS OF ATTENDANCE</b>				N/A	N/A

**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
Toddlers (18 up to 36 months) Full-time-plus				2.2240	
Toddlers (18 up to 36 months) Full-time				1.9000	
Toddlers (18 up to 36 months) Part-time					
Three Years Old Full-time-plus				2.2240	
Three Years Old Full-time				1.9000	
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					
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES</b>				N/A	

**AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT  
FOR CHILD CARE AND DEVELOPMENT PROGRAMS  
(FOR SINGLE SERVICE COUNTY)**Fiscal Year Ending\* **June 30, 2024**

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 CDNFS 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)				<b>N/A</b>
Total Non-Certified Days of Enrollment				
Total Non-Certified Days of Enrollment with Mental Health Consultation Services				
Days of Operation*				<b>N/A</b>

\*Indicates field is required.



Full Name of Contractor

Contract Number

**Section 3 - Revenue**

	Column A Cumulative FY CDNFS 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:			
<b>Restricted Income - Subtotal</b>			
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:			
<b>Total Revenue (*Waived Family Fees Not Included)</b>			

Comments:

Full Name of Contractor

Contract Number

**Section 4 - Reimbursable Expenses**

	Column A Cumulative FY CDNFS 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)			
<b>Total Reimbursable Expenses</b>			
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 CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
<b>Total Supplemental Revenue</b>			

**Section 6 - Supplemental Expenses**

	Column A Cumulative FY CDNFS 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			
<b>Total Supplemental Expenses</b>			

Full Name of Contractor

Contract Number

**Section 7 - Summary**

	Column A Cumulative FY CDNFS 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 CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus					
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 CDNFS 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					
<b>Total Certified Days of Enrollment</b>					
<b>Days of Attendance*</b>					

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 CDNFS 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 CDNFS 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					
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES</b>					
<b>DAYS OF ATTENDANCE*</b>					

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 CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus					
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 CDNFS 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					
<b>Total Non-Certified Days of Enrollment</b>					

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 CDNFS 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 CDNFS 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					
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES</b>					

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, 2024**

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	\$ 97,887
Total U.S. Department of Agriculture			<u>97,887</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	857,488
Compass SF Home - Homeless Family Access Point (CCAP)	14.267	1000025850	<u>8,938</u>
Subtotal: Continuum of Care Program			<u>866,426</u>
Emergency Solutions Grants Program - Compass Family Shelter	14.231	1000017660	145,990
Emergency Solutions Grants Program - C-Rent Homelessness Prevention	14.231	1000022894	<u>53,944</u>
Subtotal: Emergency Solutions Grant Program			<u>199,934</u>
Community Development Block Grant	14.218	184715-22	<u>187,628</u>
			<u>187,628</u>
Total U.S. Department of Housing and Urban Development			<u>1,253,988</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-3260	115,649
Child Care and Development Block Grant	93.575	CCTR-3260	<u>53,163</u>
Subtotal CCDF Cluster			<u>168,812</u>
Total U.S. Department of Health and Human Services			<u>168,812</u>

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

**Compass Family Services**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number/ Program Number	Expenditures
U.S. Department of Homeland Security			
Pass-through program from:			
San Francisco Emergency Food and Shelter Local Board			
Emergency Food and Shelter National Board Program	97.024	085800-017	\$ 15,250
Total U.S. Department of Homeland Security			15,250
Total Expenditures of Federal Awards			\$ 1,535,937
<u>Expenditures of State Awards</u>			
Proposition 10			
San Francisco Children & Families Commission			
First 5 San Francisco	n/a		\$ -
California Governor's Office of Business & Economic Development (GO BIZ)			
CA Community Reinvestment Grants	n/a	CalCRG-2022-1979	116,151
California Workforce Development Board			
Breaking Barriers to Employment Initiative	n/a		333,590
California Health Care Services			
HEAR US - Behavioral Health Initiative	n/a		111,176
California Department of Education			
Child Development Division			
General Child Care and Development Programs	n/a	CCTR-3260	722,034
California State Preschool Program	n/a	CSPP-3480	821,684
Childcare Food Program			
Center State meal reimbursement	n/a	1581-7A	4,710
Total Expenditures of State Awards			2,109,345
Total Expenditures of Federal and State Awards			\$ 3,645,282

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

## **Compass Family Services**

### **Notes to Schedule of Expenditures of Federal and State Awards**

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#### **Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (the “Schedule”) includes the federal and state award activity of Compass Family Services (“Compass”) under programs of the federal government and State of California for the year ended June 30, 2024. 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, 2024.

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

The Board of Directors

Compass Family Services (a California nonprofit public benefit corporation)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Compass Family Services ("Compass"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 15, 2024.

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

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

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

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



## **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.

A handwritten signature in dark ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
November 15, 2024

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

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

### **Report on Compliance for 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, 2024. 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 its major federal program for the year ended June 30, 2024.

#### ***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 each major federal program as a whole.

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

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

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

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

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

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

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

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

A handwritten signature in dark ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
November 15, 2024

**Compass Family Services**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

**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, 2024**

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There were no findings noted in the prior audit.

