

COMPASS, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020 & 2019

COMPASS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Compass, Inc.
Lake Worth, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Compass, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compass, Inc. as of June 30, 2020 and 2019, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of Compass, Inc.'s 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 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 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, Inc.'s internal control over financial reporting and compliance.

Liggett & Webb, P.A.

LIGGETT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
December 31, 2020

COMPASS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,075,239	\$ 558,779
Grants receivable	737,501	478,526
Promises to Give and Fundraising Receivable	12,402	1,502
Prepaid expenses	387	387
Total current assets	1,825,529	1,039,194
Deposits and Other Assets	4,950	4,950
Property and Equipment, net	410,749	465,462
Total assets	\$ 2,241,228	\$ 1,509,606
 Liabilities and Net Assets		
Accounts payable	\$ 70,796	\$ 36,301
Accrued expenses	24,874	24,276
Loans, current	38,410	-
Total current liabilities	134,080	60,577
Loans, less current portion	145,817	-
Total liabilities	279,897	60,577
 Net Assets		
Without Donor Restrictions	1,890,561	1,430,279
With Donor Restrictions	70,770	18,750
Total net assets	1,961,331	1,449,029
Total liabilities and net assets	\$ 2,241,228	\$ 1,509,606

See Accompanying Notes to Financial Statements

COMPASS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenues and Reclassifications						
Contributions	\$ 494,271	\$ 70,770	\$ 565,041	\$ 352,017	\$ 18,750	\$ 370,767
Federal financial assistance	1,441,765		1,441,765	1,070,412	-	1,070,412
Local financial assistance	143,159		143,159	131,889	-	131,889
340B Program Income, net	405,282		405,282	259,666	-	259,666
Outreach activities	99,087		99,087	307,992	-	307,992
Fundraising activities, net	270,046		270,046	198,706	-	198,706
Net assets released from restrictions						
Satisfaction of purpose restrictions	18,750	(18,750)	-	-	-	-
Total public support, revenues and reclassifications	2,872,360	52,020	2,924,380	2,320,682	18,750	2,339,432
Expenses						
Program Services						
Youth	306,175		306,175	247,376	-	247,376
HIV Prevention	247,240		247,240	264,103	-	264,103
Ryan White Title I	1,201,835		1,201,835	906,728	-	906,728
Outreach activities	310,658		310,658	374,584	-	374,584
Supporting Services						
General and administrative	205,959		205,959	161,241	-	161,241
Fundraising	140,211		140,211	80,656	-	80,656
Total expenses	2,412,078	-	2,412,078	2,034,688	-	2,034,688
Change in net assets	460,282	52,020	512,302	285,994	18,750	304,744
Net assets at beginning of year	1,430,279	18,750	1,449,029	1,144,285	-	1,144,285
Net assets at end of year	<u>\$ 1,890,561</u>	<u>\$ 70,770</u>	<u>\$ 1,961,331</u>	<u>\$ 1,430,279</u>	<u>\$ 18,750.00</u>	<u>\$ 1,449,029</u>

See Accompanying Notes to Financial Statements.

COMPASS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Youth	HIV Prevenntion	Ryan White Title I	Outreach	Program Total	Fundraising	General & Admin.	Total Expenses
Salaries	\$ 123,658	\$ 128,628	\$ 450,335	\$ 121,448	\$ 824,069	\$ 20,037	\$ 158,480	\$ 1,002,586
Employee health benefits	26,313	27,040	90,859	14,585	158,797	1,655	20,196	180,648
Payroll taxes	<u>11,811</u>	<u>14,211</u>	<u>43,363</u>	<u>11,200</u>	<u>80,585</u>	<u>863</u>	<u>13,073</u>	<u>94,521</u>
Total salaries and related expenses	161,782	169,879	584,557	147,233	1,063,451	22,555	191,749	1,277,755
Advertising	42	124	397	730	1,293	82	-	1,375
Depreciation and amortization	5,472	8,207	21,885	13,678	49,242	-	5,471	54,713
Dues & Subscriptions	50	-	150	2,465	2,665	1,540	149	4,354
Education and training	2,017	1,249	2,934	7,594	13,794	8,969	-	22,763
Equipment lease	2,957	2,972	3,909	2,999	12,837	2,957	817	16,611
Food and beverage	2,118	-	27	185	2,330	5,155	453	7,938
Outreach workers and professional services volunteers (In Kind)	4,995	1,873	-	3,122	9,990	2,498	-	12,488
Insurance	2,438	3,657	9,753	6,096	21,944	-	2,438	24,382
Program Expense (client, event, direct)	86,666	3,020	436,195	19,484	545,365	52,067	-	597,432
Bank Fees	-	-	-	3,554	3,554	198	-	3,752
Postage	89	430	714	544	1,777	1,649	26	3,452
Printing	1,369	816	1,819	8,289	12,293	2,583	-	14,876
Professional fees	1,878	5,050	13,465	9,876	30,269	1,692	3,726	35,687
Rent (incl. In Kind)	24,496	36,743	97,982	61,239	220,460	24,495	-	244,955
Repairs and maintenance	1,089	2,318	6,182	4,321	13,910	795	-	14,705
Supplies	2,476	2,129	2,770	5,888	13,263	6,182	-	19,445
Taxes and licenses	37	67	178	119	401	45	990	1,436
Telephone, Internet (Communications)	2,616	3,346	9,044	6,445	21,451	2,231	140	23,822
Travel and transportation	2,097	1,913	682	245	4,937	2,220	-	7,157
Utilities	<u>1,491</u>	<u>3,447</u>	<u>9,192</u>	<u>6,552</u>	<u>20,682</u>	<u>2,298</u>	<u>-</u>	<u>22,980</u>
Total expenses	\$ <u>306,175</u>	\$ <u>247,240</u>	\$ <u>1,201,835</u>	\$ <u>310,658</u>	\$ <u>2,065,908</u>	\$ <u>140,211</u>	\$ <u>205,959</u>	\$ <u>2,412,078</u>

See Accompanying Notes to Financial Statements

COMPASS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Youth	HIV Prevenntion	Ryan White Title I	Outreach	Program Total	Fundraising	General & Admin.	Total Expenses
Salaries	\$ 118,040	\$ 148,603	\$ 440,220	\$ 87,000	\$ 793,863	\$ 14,236	\$ 96,568	\$ 904,667
Employee health benefits	22,017	25,675	68,887	17,193	133,772	2,562	17,014	153,348
Payroll taxes	11,429	13,819	42,450	9,372	77,070	1,851	9,267	88,188
Total salaries and related expenses	151,486	188,097	551,557	113,565	1,004,705	18,649	122,849	1,146,203
Advertising	40	413	584	463	1,500	500	-	2,000
Depreciation and amortization	2,722	8,165	27,218	16,330	54,435	-	-	54,435
Dues & Subscriptions	141	422	1,126	844	2,533	-	281	2,814
Education and training	4,665	1,177	1,980	10,391	18,213	-	8,370	26,583
Equipment lease	711	2,133	5,688	4,265	12,797	-	1,422	14,219
Food and beverage	2,016	-	-	4,219	6,235	565	668	7,468
Outreach workers and professional services volunteers (In Kind)	6,611	6,611	2,644	10,577	26,443	-	-	26,443
Insurance	3,003	3,004	8,010	6,007	20,024	-	-	20,024
Program Expense (client, event, direct)	47,254	1,914	190,861	101,512	341,541	37,517	-	379,058
Bank Fees	-	-	-	3,346	3,346	1,434	-	4,780
Postage	166	1,312	1,245	2,579	5,302	137	18	5,457
Printing	598	1,053	2,469	8,394	12,514	993	-	13,507
Professional fees	745	2,525	5,834	3,534	12,638	1,908	14,379	28,925
Rent (incl. In Kind)	17,724	29,530	76,524	63,523	187,301	-	9,858	197,159
Repairs and maintenance	1,254	3,296	4,613	1,696	10,859	-	-	10,859
Supplies	1,780	1,914	2,214	9,464	15,372	4,837	228	20,437
Taxes and licenses	182	546	1,456	1,092	3,276	-	364	3,640
Telephone, Internet (Communications)	2,496	4,626	10,510	5,866	23,498	-	789	24,287
Travel and transportation	2,189	2,367	1,211	1,144	6,911	14,116	1,317	22,344
Utilities	1,593	4,998	10,984	5,773	23,348	-	698	24,046
Total expenses	\$ 247,376	\$ 264,103	\$ 906,728	\$ 374,584	\$ 1,792,791	\$ 80,656	\$161,241	\$ 2,034,688

See Accompanying Notes to Financial Statements

COMPASS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Increase in net assets	\$ 512,302	\$ 304,744
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	54,713	54,435
Forgiveness of PPP Loan	(50,573)	-
(Increase) decrease in operating assets:		
Grants receivable	(258,975)	(159,191)
Promises to give	(10,900)	24,186
Increase (decrease) in operating liabilities:		
Accounts payable	34,495	16,670
Accrued expenses	598	(15,437)
Net cash provided by operating activities	281,660	225,407
Cash Flows From Investing Activities:		
Purchase of furniture and equipment	-	(20,006)
Net cash (used in) investing activities	-	(20,006)
Cash Flows From Financing Activities:		
Proceeds from loan	234,800	-
Net cash provided by financing activities	234,800	-
Net increase in cash and cash equivalents	516,460	205,401
Cash and Cash Equivalents		
Beginning of year	558,779	353,378
End of year	\$ <u>1,075,239</u>	\$ <u>558,779</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

See Accompanying Notes to Financial Statements.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 **NATURE OF ORGANIZATION’S ACTIVITY AND DESCRIPTION OF PROGRAM SERVICES**

Compass, Inc. (the “Organization”) is a Florida nonprofit entity, which was incorporated in 1988. The Organization is a community-based entity dedicated to serving the gay, lesbian, bisexual and transgender community in Palm Beach County while promoting pride and diversity and public awareness. The Organization provides a community center, health related services, information and referral services and public education. The Organization’s community center and offices are located in Lake Worth, Florida.

On March 17th, 2020, Compass' staff and board responded to the COVID-19 pandemic in canceling all in-person outreach, large scale events and center access to the public to keep the client population safe and to comply with CDC guidelines and stay-at-home orders. While the doors of the center remained closed through the end of the fiscal year, and subsequently the calendar year, the agency staff addressed the need during this unprecedented public health crisis by creating a service delivery model through telehealth and virtual resources. Through creative planning and aggressive grant writing, the agency increased emergency, social and support services for all of its programs including distributing over \$30,000 in additional food resources, increased behavioral health and mental health therapy services for LGBTQ youth and their families, delivered at-home HIV tests and masks, provided drive-thru COVID-19 testing events, addressed critical housing needs through fundraised dollars, and moved all of the center's long-standing support and discussion groups to a virtual format to keep the community connected to life-saving resources and decrease isolation for the area's most vulnerable population.

Youth and Family Services

Compass’s Mentoring Program is funded by the United Way of Palm Beach County. This program emboldens youth ages 6-18 and their families, who are confronting issues concerning sexual orientation and/or gender identity. Each child or youth is matched with an adult mentor age 22 and up. Four hours per month is required for mentor and mentee to meet and offer support, guidance, and education to the mentees.

In addition to the Compass Mentoring Program, educational and empowering workshops are offered in a safe space to the community at large, including schools and other social service agencies, covering varied topics and interests including arts and culture, money management, higher education, sexuality, gender, school bullying/harassment, and HIV/AIDS education.

The T.O.P (Teen Outreach Program) as added by Compass in October 2012 is funded by Planned Parenthood of South Florida and the Treasure Coast. The program engages youth ages 12-18 y/o to meet several times weekly for social support, leadership opportunities, community service and guided discussions. This new youth program is more curriculum-based while implementing the teen outreach program: an evidence-based program, which empowers youth to lead successful lives and build strong communities. Compass now hosts Gay Straight Alliance (GSA) Meetings for representatives from high schools and universities throughout Palm Beach County to provide an opportunity for young leaders to connect, network, and combine their advocacy efforts to achieve maximum success.

Starting in October 2018, Palm Beach County Youth Services funded a previously un-funded program; the Compass' Transgender Youth Program. Currently, the center's fastest growing program, a dedicated full time staff member now serves youth ages 3-22 who identify as non-binary and/or transgender offering much needed direct services to these youth and their families. In addition to providing linkage to these families to culturally competent mental health and medical providers, this program also funds cultural competency trainings throughout the year that are being held around the county including governmental offices, major corporations and students at various universities seeking bachelors degrees in the various fields of social work.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

HIV Prevention – Social Networking Strategies and Counseling, Testing and Linkage

As an advocate and health services provider, starting in 2009, Social Networking Strategies, a CDC-approved intervention, and starting in 2013, the High Impact Prevention Program (H.I.P.P.) and MPowerment Program were added through funding by Florida DOH. These programs were added to utilize community networks to help find and encourage HIV testing for individuals at high risk for HIV and to link them to care as soon as possible in the effort to increase healthy outcomes. In January of 2019, the Mpowerment Program's funding sunset, however the interventions were incorporated through the increased funding of the High Impact Prevention Program in fiscal year 2020 and 2019.

Early Intervention and Ryan White Title I

As an advocate and health services provider, these services include medical and non-medical case management interventions that provide services and support to people living with HIV and AIDS throughout Palm Beach County. Services include linkage to life saving medications, assistance for housing, insurance coverage, food, transportation and direct emergency assistance, as well as education on treatment adherence and access to various social and support groups offered at the Organization. This also includes free access to the Cyber Center as well as volunteer opportunities.

Outreach Program

This program, through annual fund, Pride Business Alliance memberships and various sponsorships opportunities ensures that un-funded, or under-funded programs, remain a vital part of our mission, including various social and support groups held at the Center 6 days a week. This department is in charge of promoting pride, advocacy and community organizing which includes community outreach events such as the annual Palm Beach Pride and Stonewall Ball. Over 250 not-for-profit organizations, neighborhood associations and public city meetings are organized and held at the Organization's facility each year. This department also includes the free Cyber Center, volunteer opportunities for community members, as well as assistance with continuing the unfunded portion of the Counseling, Testing and Linkage program. Due to the COVID 19 pandemic, all of the signature events that were scheduled in the last quarter of the fiscal year were canceled and much of the center's support and social group programming shifted to online and virtual support in the beginning of April.

340B Discount Program

Compass enrolled in the federal 340B program in 2015 to help better serve the agency's eligible clients. The 340B Program enables agencies in the private sector to expand its supplemental services and stretch scarce Federal resources as far as possible, reaching more eligible clients and providing more comprehensive services to the population living with HIV/AIDS. The agency falls under the FASB 45-15 guidelines as an "Agent" rather than "Principal", and therefore, reported net revenues of \$405,282 with expenses in the amount of \$961,675.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Compass, Inc. prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958, *Not for Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

The two net asset categories as reflected in the accompanying financial statements are as follows:

- **Without Donor Restrictions** - Net assets which are free of donor-imposed restrictions. It includes the Organization's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and, therefore, the Organization's policy is to record these net assets as unrestricted. This category includes all revenues, expenses, gains and losses that are not changes in with donor restrictions net assets.
- **With Donor Restrictions** - Net assets whose use by the Organization is limited by donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. These net assets are available for program purposes as well as for buildings and equipment. Other donor restrictions are perpetual in nature; whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. These net assets are invested in perpetuity, the income from which is expended for program purposes.

Net assets with donor restrictions for the following purposes as of June 30, 2020:

Subject to expenditure for specified purpose	
Youth Mental Wellness	\$ 23,270
Transgender Economic Empowerment	15,000
Technology Expansion	25,000
	63,270
Subject to time restrictions	
General purpose	7,500
Total Net assets with donor restrictions	\$ 70,770

Releases from net assets with donor restrictions for the year ended June 30, 2020 are as follows:

Releases from restrictions:	
Subject to expenditure for specified purpose	
Youth Mental Wellness	\$ 18,750
	\$ 18,750

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in banks. For purposes of the statement of cash flows, the Company considers all unrestricted highly liquid investments with maturities of three months or less to be cash equivalents. As of June 30, 2020 and 2019, the Organization had \$575,239 and \$83,894 in excess of FDIC insurance at its financial institutions, respectively.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Advertising

Compass, Inc. uses advertising to promote its programs to the community it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$1,375 and \$2,000 for the years ended June 30, 2020 and 2019, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. Significant estimates include depreciable lives of property and equipment and valuation of donated services and donated rent.

Concentration of Support

Approximately 55% and 52% in the years ended June 30, 2020 and 2019, respectively, of the Organization's funding originates from federal, state or local agencies. If funding policies and/or amounts of funding were to be substantially reduced by these agencies, operations of the Organization could be significantly affected. As of June 30, 2020, 60% of Grants Receivable are due from one entity.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line method over a 3 to 20 year period. Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease and is included in depreciation expense. The Organization capitalizes purchases greater than or equal to \$1,000, all other purchases are expensed as incurred.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

Grants Receivable

The grants receivable relate to flat rate payments with performance-based requirements and/or grant cost reimbursements. All of the recorded grants receivable are deemed collectible by management.

Income Taxes

Compass, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, if income from certain activities not directly related to the Organization's tax-exempt purpose were received, it would be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organizations' tax returns for the years 2016-2019 remain open to Internal Revenue Services Audit.

Promises to Give and Deferred Revenue

Unconditional promises to give in the future are recorded as promises to give revenue and contributions receivable. If management expects the cash from the contribution receivable to be received more than one year in the future, the promises to give revenue and receivable are discounted for the time value of money (i.e., net present value) at a discount rate of 4%. Management estimates the allowance for uncollectible promises based on historical write offs.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

With Donor Restrictions and Without Donor Restrictions Revenue and Support

The Organization follows provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, “Revenue from Contracts with Customers”, (“Topic ASC 606”) and FASB Topic ASC 958, “Financial Statements of Not-for-Profit Organizations, (“Topic ASC 958”). Topic ASC 606 requires the Foundation to distinguish between contributions that increase net assets without donor restrictions or with donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair values. Topic ASC 958 establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

Contributions that are restricted by the donors are reported as increases in without donor restrictions net assets if the restrictions expire in the reporting period in which the revenue is recognized.

All other donor-restricted contributions are reported as increases in with donor restrictions net assets, depending on the nature of this restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without donor net assets and reported in the Statements of Activities as net assets released from restrictions.

Federal, state, and local grant awards that are considered conditional promises to give are classified as refundable advances until expended for the purposes of the grants.

Fair value of financial instruments

The carrying amounts of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these financial instruments. The carrying amounts of the capital leases approximate their fair value because the interest rates reflect current market rates for liabilities with similar maturities and credit quality.

Reclassifications

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Recent Accounting Pronouncements

In February 2018, the FASB issued ASU 2018-02, *Leases*, which will amend current lease accounting to require lessees to recognize (i) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and (ii) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. ASU 2018-02 does not significantly change lease accounting requirements applicable to lessors; however, certain changes were made to align, where necessary, lessor accounting with the lessee accounting model. This standard will be effective for fiscal years beginning after December 15, 2021. Compass, Inc. is currently reviewing the provisions of this ASU to determine if there will be any impact on statement of activities, cash flows or financial position.

COMPASS, INC.
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All other recent accounting pronouncements issued by FASB (including the Emerging Issues Task Force) and the AICPA did not, or are not, believed by the Organization's management, to have a material impact on the Organization's present or future financial statements.

NOTE 3 **PROPERTY AND EQUIPMENT**

Property and equipment was comprised of the following at June 30, 2020 and 2019, respectively:

	2020	2019
Land	\$ 4,190	\$ 4,190
Building and building improvements	858,197	858,197
Office equipment	351,935	351,935
Furniture and fixtures	348,260	348,260
	1,562,582	1,562,582
Less: accumulated depreciation	(1,151,833)	(1,097,120)
	\$ 410,749	\$ 465,462

The Organization's additions for the years ended June 30, 2020 and 2019 were \$0 and \$20,006, respectively. Depreciation expense for the years ended June 30, 2020 and 2019 was \$54,713 and \$54,435, respectively.

NOTE 4 **PROMISES TO GIVE AND TEMPORARILY RESTRICTED NET ASSETS**

The balances of unconditional promises to give are as follows as of June 30, 2020 and 2019, respectively:

	2020	2019
Less than one year	\$ 12,402	\$ 1,502
One to three years	-	-
More than three years	-	-
Total promises to give	12,402	1,502
Less discount for present value	-	-
Less allowance for doubtful promises to give	-	-
Net promises to give	\$ 12,402	\$ 1,502

At June 30, 2020 and 2019, promises to give includes \$12,402 and \$1,502, respectively, primarily from donations for the PREP youth program, ticket sales, silent auction items, outreach program donations and sponsorships in association with the Organization's Stonewall Ball outreach event typically held each June. The 2020 event was canceled due to the COVID 19 pandemic. These promises to give were collected within 60 days subsequent to June 30, 2020 and 2019, respectively.

NOTE 5 **GRANTS RECEIVABLE**

Grants receivable consist of the following at June 30, 2020 and 2019, respectively:

COMPASS, INC.
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	2020	2019
<u>Palm Beach County Health Unit</u>		
CODPI	\$ 18,750	\$ 37,000
<u>Palm Beach County Community Services Department</u>		
Ryan White Title I – HIV Health Support Services		
R2019 - 0197	-	256,980
R2020 - 0410	420,610	-
<u>Palm Beach County Youth Services Department</u>		
R2018-1453	-	10,275
R2018-1663	-	10,523
R2019-1424	4,560	-
<u>Planned Parenthood</u>		
PREP	5,695	4,856
<u>Palm Beach County Victim Services Department</u>		
R2019-0530	-	4,490
R2019-1650	1,293	-
<u>340B Program</u>	280,602	152,356
<u>Miscellaneous</u>	5,991	2,046
Total	\$ 737,501	\$ 478,526

NOTE 6 **LIQUIDITY AND AVAILABILITY**

The Organization’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash	\$ 1,075,239
Grants receivable	737,501
Promises to Give and Fundraising Receivable	12,402
Prepaid expenses	387
Financial assets at year end	\$ 1,825,529
Less those unavailable for general expenditure within one year due to:	
Restricted by donor with time or purpose restrictions	(70,770)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,754,759

The Organization’s financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7 **LOANS**

On May 13, 2020, the Organization entered into a term note (the “PPP Loan”) evidencing an unsecured loan in the amount of \$234,800 made to the Company under the Payroll Protection Plan ("PPP"). The PPP is a liquidity facility program established by the U.S. government as part of the CARES Act in response to the negative economic impact of the COVID-19 outbreak. The PPP Loan to the Organization is being administered by PNC Bank. The PPP Loan has a two-year term and bears interest at a rate of 1.0% per annum. Monthly principal and interest payments are deferred for six months. Beginning December 15, 2020, seven months from the date of the PPP Note, the Organization is required to make monthly payments of principal and interest in the amount of \$13,044. Under the terms of the CARES Act, PPP Loan recipients can apply for, and be granted forgiveness for, all or a portion of loans granted under the Paycheck Protection Program. The expenses eligible for forgiveness are payroll costs, rent, utilities, and interest on mortgage obligations incurred before February 15, 2020. The Organization intends to use the entire loan amount for qualifying expenses. The outstanding balance on the PPP Note was \$234,800 and \$0 as of June 30, 2020 and 2019, respectively.

The Organization has chosen to account for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. The Organization has adopted the approach to recognize contribution income as the qualifying expense are incurred. As of June 30, 2020, the Organization has recognized \$50,573 in contribution income and the remaining PPP loan balance was \$184,227.

NOTE 8 **CONTRIBUTED SERVICES**

The Organization recognized contribution revenue for the years ended June 30, 2019 and 2018, respectively, for contributed services related to the HIV Prevention program. Contribution revenue from services was measured based on the fair value of these services, and the amounts are as follows:

	2020	2019
Outreach volunteers – 175.5 and 663.75 hours at \$14 and \$14, respectively	\$ 2,457	\$ 9,296
HIV Testing & CM Tech – 717.5 and 1,225 hours at \$14 and \$14, respectively	10,031	17,150
Total	\$ 12,488	\$ 26,446

During 2020 and 2019, volunteers provided 3,208 and 4,290 hours of administrative and facility maintenance assistance valued at approximately \$35,980 and \$47,940 respectively. The values of the administrative services and facility maintenance assistance contributed were not recognized as revenue or expense in the accompanying Statement of Activities for the year ended June 30, 2020 and 2019.

NOTE 9 **LEASE COMMITMENTS**

Operating Leases

In May 2007, the Organization executed an operating lease agreement for a municipal facility in Lake Worth, Florida. The term of the lease began in March 2008, upon possession of the facility by the Organization and will continue through 2028. The initial rent amount was \$1,000 annually. Effective April 2010, the lease was amended to increase the annual rent amount to \$19,445. In March 2009, the Organization took occupancy of the building and completed its renovations. In-kind revenues and rent

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

expense were recognized for the fair value of the rent under the lease of \$225,509 and \$177,714 for the years ended June 30, 2020 and 2019 respectively.

Rent expense for the years ended June 30, 2020 and 2019 totaled \$244,955 and \$197,159, respectively.

The future minimum lease payments required under the operating leases are as follows as of June 30, 2020 and thereafter:

<u>FY Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 19,445
2022	19,445
2023	19,445
2024	19,445
Thereafter	74,535
Total minimum lease payments	<u>\$ 152,315</u>

NOTE 10 **ASSISTANCE FROM GOVERNMENTAL AGENCIES**

The following details the reimbursements and receipts from governmental agencies for the years ending June 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
<u>Federal Financial Assistance</u>		
Department of Health and Human Services, Public Health Services – II through Palm Beach County HIV Emergency Relief Project Grant		
R2020 - 0410	\$ 420,610	\$ -
R2019 - 0197	734,659	256,979
R2018 - 0223	-	541,224
Through Florida Department of Health, Palm Beach County Public Health Unit, HIV Prevention Activities – Health Department Based		
CODPI	225,000	74,500
CODNG - 2018	-	50,000
PB372	-	87,500
The Department of Health and Human Services, through the Office of Adolescent Health to Planned Parenthood of South, North and East Florida		
2019/2020	47,092	-
2018/2019	14,404	45,431
2017/2018	-	14,778
Total	<u>\$ 1,441,765</u>	<u>\$ 1,070,412</u>

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Local Financial Assistance

Palm Beach County Youth Services Department		
R2019 - 1435	\$ 48,645	\$ -
R2019 - 1424	38,640	-
R2018 - 1663	-	48,645.00
R2018 - 1453	13,733	46,268.00
R2017 - 1511	-	11,475
Palm Beach County Victim Services Department		
R2019 - 0530	9,119	-
R2019 - 0530	900	4,490
United Way		
2019/2020	26,830	-
2018/2019	5,292	15,875
2017/2018	-	5,136
Total	\$ 143,159	\$ 131,889
Grand Total	\$ 1,584,924	\$ 1,202,301

NOTE 11 **SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through December 31, 2020, the date of issuance of these financial statements. No material subsequent events have occurred.

**SCHEDULE 1 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Compass, Inc. and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Federal Grantor/Pass-Through	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-through programs from:			
Palm Beach County, Florida, Community Services			
Department:			
HIV Emergency Relief Project Grants	* 93.914	R2020 – 0410	\$ 420,610
HIV Emergency Relief Project Grants	* 93.914	R2019 – 0197	734,659
			<hr/> 1,155,269
Planned Parenthood of South, North and East Florida:			
Guardianship Assistance	93.092	PREP	61,496
State of Florida, Department of Health:			
HIV Prevention Program – Health Department Based	93.940	CODPI	225,000
			<hr/>
Total expenditures of federal awards			<hr/> \$ 1,441,765 <hr/>

* Denotes Major Program



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of Compass, Inc.

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 financial statements of Compass, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Compass, Inc.'s internal control over financial reporting (internal control) to determine the 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, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Compass, Inc.'s 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 determination of financial statement amounts. 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads 'Liggett & Webb, P.A.'.

LIGGETT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
December 31, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of Compass, Inc.

Report on Compliance for Each Major Federal Program

We have audited Compass, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Compass, Inc.'s major federal programs for the year ended June 30, 2020. Compass, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of

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

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

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

Liggett & Webb, P.A.

LIGGETT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
December 31, 2020

COMPASS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Compass, Inc.
2. No instances of noncompliance material to the financial statements of Compass, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
3. No reportable conditions or material weaknesses in internal control over major programs were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for Compass, Inc. expresses an unqualified opinion on all major programs.
5. No audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
6. The program tested as the major program was the HIV Emergency Relief Grant Program Part A Formula Grants – CFDA # 93.914
7. The dollar threshold used to distinguish between Type A and B Programs was \$750,000.
8. Compass, Inc. qualifies as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

No significant deficiencies were disclosed.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

No audit findings that are required to be reported in accordance with 2 CFR 200.516(a) or questioned costs were disclosed.