

COMPASS, INC.
FINANCIAL STATEMENTS
JUNE 30, 2022 & 2021

COMPASS, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Compass, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our 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. 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 the Compass, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Compass, Inc.'s ability to continue as a going concern within 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 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 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 the Compass, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Compass, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required 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 schedule of expenditures of federal awards 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 March 15, 2023 on our consideration of the 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 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 the Compass, Inc.'s 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 the Compass, Inc.'s internal control over financial reporting and compliance.

/s/ Liggett & Webb, P.A.

LIGGETT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
March 29, 2023

COMPASS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash | \$ 1,580,673 | \$ 1,439,855 |
| Grants receivable | 721,308 | 644,046 |
| Promises to Give and Fundraising Receivable | - | 20,484 |
| Prepaid expenses | 5,321 | 387 |
| Total current assets | 2,307,302 | 2,104,772 |
| Deposits and Other Assets | 4,950 | 4,950 |
| Property and Equipment, net | 578,316 | 634,239 |
| Total assets | \$ 2,890,568 | \$ 2,743,961 |
| Liabilities and Net Assets | | |
| Accounts payable | \$ 72,891 | \$ 66,399 |
| Accrued expenses | 35,563 | 35,606 |
| Loans, current | - | 33,468 |
| Total current liabilities | 108,454 | 135,473 |
| Build out advance | 238,756 | 257,759 |
| Total liabilities | 347,210 | 393,232 |
| Net Assets | | |
| Without Donor Restrictions | 2,540,932 | 2,299,479 |
| With Donor Restrictions | 2,426 | 51,250 |
| Total net assets | 2,543,358 | 2,350,729 |
| Total liabilities and net assets | \$ 2,890,568 | \$ 2,743,961 |

See Accompanying Notes to Financial Statements

COMPASS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | | | 2021 | | |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Public Support, Revenues and Reclassifications | | | | | | |
| Contributions | \$ 584,478 | \$ 2,426 | \$ 586,904 | \$ 708,141 | \$ 51,250 | \$ 759,391 |
| Federal financial assistance | 1,349,323 | - | 1,349,323 | 1,541,220 | - | 1,541,220 |
| Local financial assistance | 147,967 | - | 147,967 | 151,799 | - | 151,799 |
| 340B Program Income, net | 420,773 | - | 420,773 | 399,089 | - | 399,089 |
| Outreach activities | 348,983 | - | 348,983 | 124,784 | - | 124,784 |
| Fundraising activities, net | 322,908 | - | 322,908 | 217,325 | - | 217,325 |
| Net assets released from restrictions | | | | | | |
| Satisfaction of purpose restrictions | 51,250 | (51,250) | - | 70,770 | (70,770) | - |
| Total public support, revenues and reclassifications | 3,225,682 | (48,824) | 3,176,858 | 3,213,128 | (19,520) | 3,193,608 |
| Expenses | | | | | | |
| Program Services | | | | | | |
| Youth | 252,218 | - | 252,218 | 280,610 | - | 280,610 |
| HIV Prevention | 234,131 | - | 234,131 | 252,532 | - | 252,532 |
| Ryan White Title I | 1,381,224 | - | 1,381,224 | 1,469,590 | - | 1,469,590 |
| Clinic & 340B | 275,996 | - | 275,996 | - | - | - |
| Outreach activities | 419,743 | - | 419,743 | 404,056 | - | 404,056 |
| Supporting Services | | | | | | |
| General and administrative | 183,033 | - | 183,033 | 169,482 | - | 169,482 |
| Fundraising | 237,884 | - | 237,884 | 227,940 | - | 227,940 |
| Total expenses | 2,984,229 | - | 2,984,229 | 2,804,210 | - | 2,804,210 |
| Change in net assets | 241,453 | (48,824) | 192,629 | 408,918 | (19,520) | 389,398 |
| Net assets at beginning of year | 2,299,479 | 51,250 | 2,350,729 | 1,890,561 | 70,770 | 1,961,331 |
| Net assets at end of year | \$ 2,540,932 | \$ 2,426 | \$ 2,543,358 | \$ 2,299,479 | \$ 51,250 | \$ 2,350,729 |

See Accompanying Notes to Financial Statements.

COMPASS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | Youth | HIV Prevenntion | Ryan White Title I | Clinic & 340B | Outreach | Program Total | Fundraising | General & Admin. | Total Expenses |
|--|-------------------|-------------------|-----------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| Salaries | \$ 88,115 | \$ 113,173 | \$ 301,079 | \$ 155,651 | \$ 117,045 | \$ 775,063 | \$ 39,287 | \$ 122,784 | \$ 937,134 |
| Employee health benefits | 16,454 | 19,582 | 59,261 | 22,721 | 16,303 | 134,321 | 7,139 | 19,105 | 160,565 |
| Payroll taxes | 9,593 | 10,558 | 32,756 | 6,257 | 13,879 | 73,043 | 3,953 | 11,058 | 88,054 |
| Total salaries and related expenses | 114,162 | 143,313 | 393,096 | 184,629 | 147,227 | 982,427 | 50,379 | 152,947 | 1,185,753 |
| Advertising | 53 | 933 | 365 | 723 | 3,274 | 5,348 | 2,040 | - | 7,388 |
| Bad Debt Expense | - | - | - | - | - | - | - | 471 | 471 |
| Depreciation and amortization | 3,612 | 10,837 | 21,674 | 8,670 | 18,062 | 62,855 | 7,226 | 2,167 | 72,248 |
| Dues & Subscriptions | 259 | 776 | - | - | 3,621 | 4,656 | 517 | - | 5,173 |
| Education and training | 125 | 540 | 725 | 4,988 | 1,282 | 7,660 | 5,627 | 175 | 13,462 |
| Equipment lease | 593 | 2,040 | 4,223 | 13,132 | 4,686 | 24,674 | 6,693 | 1,320 | 32,687 |
| Food and beverage | 969 | - | - | 308 | 3,537 | 4,814 | 14,069 | 51 | 18,934 |
| Outreach workers and Professional services volunteers (In Kind) | 836 | 2,508 | 5,017 | - | 4,181 | 12,542 | 3,679 | 502 | 16,723 |
| Insurance | 1,660 | 3,371 | 6,741 | 2,552 | 5,618 | 19,942 | 2,247 | 282 | 22,471 |
| Program Expense (client, event, direct) | 93,110 | 5,428 | 786,982 | - | 103,171 | 988,691 | 131,249 | - | 1,119,940 |
| Bank Fees | - | - | - | - | 9,501 | 9,501 | 165 | 1,315 | 10,981 |
| Postage | 136 | 399 | 541 | - | 1,913 | 2,989 | 1,698 | 13 | 4,700 |
| Printing | 319 | 700 | 1,292 | 350 | 9,243 | 11,904 | 2,954 | 22 | 14,880 |
| Professional fees | 2,349 | 3,050 | 8,971 | 13,433 | 3,375 | 31,178 | 1,156 | 4,899 | 37,233 |
| Rent (incl. In Kind) | 24,854 | 46,601 | 130,483 | 15,534 | 77,668 | 295,140 | - | 15,534 | 310,674 |
| Repairs and maintenance | 1,540 | 2,206 | 4,470 | 17,151 | 4,791 | 30,158 | 809 | 855 | 31,822 |
| Supplies | 3,951 | 4,040 | 2,243 | 1,757 | 6,811 | 18,802 | 4,993 | 279 | 24,074 |
| Taxes and licenses | 19 | 28 | 52 | 24 | 95 | 218 | 422 | 1,600 | 2,240 |
| Telephone, Internet (Communications) | 1,758 | 2,942 | 6,427 | 7,494 | 4,942 | 23,563 | 1,961 | 256 | 25,780 |
| Travel and transportation | 63 | 586 | - | 34 | 356 | 1,039 | - | - | 1,039 |
| Utilities | 1,850 | 3,833 | 7,922 | 5,217 | 6,389 | 25,211 | - | 345 | 25,556 |
| Total expenses | \$ 252,218 | \$ 234,131 | \$ 1,381,224 | \$ 275,996 | \$ 419,743 | \$ 2,563,312 | \$ 237,884 | \$ 183,033 | \$ 2,984,229 |

See Accompanying Notes to Financial Statements

COMPASS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | Youth | HIV Prevention | Ryan White Title I | Outreach | Program Total | Fundraising | General & Admin. | Total Expenses |
|--|-------------------|-------------------|-----------------------|-------------------|---------------------|------------------|---------------------|---------------------|
| Salaries | \$ 110,280 | \$ 133,019 | \$ 470,032 | \$ 200,190 | \$ 913,521 | \$ 29,860 | \$ 71,283 | \$ 1,014,664 |
| Employee health benefits | 24,612 | 25,166 | 96,960 | 26,378 | 173,116 | 1,492 | 9,125 | 183,733 |
| Payroll taxes | 10,745 | 10,386 | 45,990 | 19,129 | 86,250 | 3,083 | 4,340 | 93,673 |
| Total salaries and related expenses | 145,637 | 168,571 | 612,982 | 245,697 | 1,172,887 | 34,435 | 84,748 | 1,292,070 |
| Advertising | 157 | 214 | 335 | 1,348 | 2,054 | 335 | - | 2,389 |
| Depreciation and amortization | 3,782 | 7,090 | 19,854 | 11,818 | 42,544 | - | 4,727 | 47,271 |
| Dues & Subscriptions | - | - | 487 | 2,526 | 3,013 | - | 282 | 3,295 |
| Education and training | - | - | 600 | 190 | 790 | - | 1,048 | 1,838 |
| Equipment lease | 762 | 1,143 | 12,039 | 1,904 | 15,848 | - | 19,372 | 35,220 |
| Food and beverage | 238 | - | - | 993 | 1,231 | 565 | 168 | 1,964 |
| Outreach workers and Professional services volunteers (In Kind) | - | 2,000 | 2,967 | - | 4,967 | - | - | 4,967 |
| Insurance | 2,092 | 3,007 | 7,903 | 5,040 | 18,042 | - | 2,004 | 20,046 |
| Loss on disposal of fixed assets | - | - | - | - | - | - | 784 | 784 |
| Program Expense (client, event, direct) | 92,875 | 6,191 | 641,333 | 25,137 | 765,536 | 158,440 | - | 923,976 |
| Bank Fees | - | - | - | 3,322 | 3,322 | 436 | 138 | 3,896 |
| Postage | 272 | 540 | 959 | 600 | 2,371 | 1,470 | 18 | 3,859 |
| Printing | 328 | 1,950 | 1,020 | 1,518 | 4,816 | 1,688 | - | 6,504 |
| Professional fees | 1,378 | 1,989 | 6,475 | 3,315 | 13,157 | 1,401 | 16,844 | 31,402 |
| Rent (incl. In Kind) | 24,854 | 46,601 | 130,483 | 77,668 | 279,606 | - | 31,068 | 310,674 |
| Repairs and maintenance | 1,501 | 2,252 | 6,004 | 4,861 | 14,618 | 21,382 | 704 | 36,704 |
| Supplies | 820 | 3,798 | 4,351 | 6,508 | 15,477 | 4,667 | 1,516 | 21,660 |
| Taxes and licenses | - | - | - | - | - | - | 1,022 | 1,022 |
| Telephone, Internet (Communications) | 3,354 | 3,199 | 12,406 | 5,571 | 24,530 | 2,132 | 2,717 | 29,379 |
| Travel and transportation | 237 | 504 | 104 | 235 | 1,080 | 989 | - | 2,069 |
| Utilities | 2,323 | 3,483 | 9,288 | 5,805 | 20,899 | - | 2,322 | 23,221 |
| Total expenses | \$ 280,610 | \$ 252,532 | \$1,469,590 | \$ 404,056 | \$ 2,406,788 | \$227,940 | \$169,482 | \$ 2,804,210 |

See Accompanying Notes to Financial Statements

COMPASS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|---|-----------------|-----------------|
| Cash Flows From Operating Activities: | | |
| Increase in net assets | \$ 192,629 | \$ 389,398 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 72,248 | 47,271 |
| Bad Debt Expense | 471 | |
| Forgiveness of PPP Loan | - | (150,759) |
| Loss on the disposal of furniture and equipment | - | 784 |
| (Increase) decrease in operating assets: | | |
| Grants receivable | (77,262) | 93,455 |
| Promises to give | 20,013 | (8,082) |
| Prepaid Expenses | (4,934) | - |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 6,492 | (4,397) |
| Accrued expenses | (43) | 10,732 |
| Net cash provided by operating activities | 209,614 | 378,402 |
| Cash Flows From Investing Activities: | | |
| Purchase of furniture and equipment | (16,325) | (14,657) |
| Proceeds from sale of equipment | - | 871 |
| Net cash used in investing activities | (16,325) | (13,786) |
| Cash Flows From Financing Activities: | | |
| Build out advance payment | (19,003) | - |
| Payments towards loan | (52,178) | - |
| Proceeds from loan | 18,710 | - |
| Net cash used in financing activities | (52,471) | - |
| Net increase in cash and cash equivalents | 140,818 | 364,616 |
| Cash and Cash Equivalents | | |
| Beginning of year | 1,439,855 | 1,075,239 |
| End of year | \$ 1,580,673 | \$ 1,439,855 |
| Supplemental Disclosures of Cash Flow Information | | |
| Cash paid for income taxes | \$ - | \$ - |
| Cash paid for interest | \$ - | \$ - |
| Noncash investing and financing activities: | | |
| Building improvement financed under build out advance | \$ - | \$ 257,795 |

See Accompanying Notes to Financial Statements.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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 engage, empower and enrich the lives of LGBTQ people and those impacted by HIV/AIDS while promoting pride, 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 Beach, Florida.

As the State of Florida continued to lift COVID restrictions and reduced government resources, clients and community members’ needs continued to increase. The agency provided supplemental emergency, social and support services for all of its programs including distributing over \$176,194 in direct client emergency support services for food, behavioral health and mental health therapy services for LGBTQ youth and their families, addressed critical housing needs through the use of the remaining fundraising dollars from the in-person SMART Ride (November 2021), contributions from individuals and foundations and the return of the in-person Cocktails for Compass annual fundraiser (December 2021).

Compass entered into a partnership with CAN Community Health and started the six- month construction process in October 2020 on the LGBTQ+ health clinic, located inside the existing center’s space. At its completion in July 2021, Compass hosted a small but well-publicized grand opening of the Compass/CAN Community Health Clinic which provides onsite medical services that directly coincide with Compass’ mission and focus population(s). The fall of 2021, the clinic started operating 1-2 days a week and in the beginning of June of 2022, the clinic opened its services to the community 5 days a week with a full clinical staff.

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, 2022 AND 2021

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 2021 and 2020.

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 \$1,940,107 with expenses in the amount of \$1,519,334.

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, 2022 AND 2021

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, 2022:

| Subject to expenditure for specified purpose | |
|---|-----------------|
| Youth and Families Program 30th Anniversary Refresh | \$ 2,426 |
| Total Net assets with donor restrictions | <u>\$ 2,426</u> |

Releases from net assets with donor restrictions for the year ended June 30, 2022 are as follows:

| Releases from restrictions: | |
|---|------------------|
| Subject to expenditure for specified purpose | |
| Transgender Economic Empowerment | \$ 15,000 |
| Youth Mental Wellness | <u>25,000</u> |
| | <u>\$ 40,000</u> |
| Subject to time restrictions | |
| General purpose | <u>11,250</u> |
| Total Net assets with donor restrictions | <u>\$ 51,250</u> |

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, 2022 and 2021, the Organization had \$1,158,768 and \$972,813 in excess of FDIC insurance at its financial institutions, respectively.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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 \$7,388 and \$2,389 for the years ended June 30, 2022 and 2021, 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 32% and 53% in the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 58% and 55%, respectively, 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 2019-2022 remain open to Internal Revenue Service's 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, 2022 AND 2021

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.

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.

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.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 3 **PROPERTY AND EQUIPMENT**

Property and equipment was comprised of the following at June 30, 2022 and 2021, respectively:

| | 2022 | 2021 |
|------------------------------------|-------------|-------------|
| Land | \$ 4,190 | \$ 4,190 |
| Building and building improvements | 1,122,369 | 1,115,956 |
| Office equipment | 368,234 | 358,322 |
| Furniture and fixtures | 348,260 | 348,260 |
| | 1,843,053 | 1,826,728 |
| Less: accumulated depreciation | (1,264,737) | (1,192,489) |
| | \$ 578,316 | \$ 634,239 |

The Organization's additions for the years ended June 30, 2022 and 2021 were \$16,325 and \$272,416, respectively. \$257,759 of the additions for the year ended June 30, 2021 relates to preliminary collaborative agreement (partnership) with CAN Community Health, Inc. (see Notes 8 and 10). Depreciation expense for the years ended June 30, 2022 and 2021 was \$72,248 and \$47,271, respectively. During the year ended June 30, 2021, the Organization disposed of office equipment with a book value of \$8,270 and recognized a \$784 loss from the disposal and received \$871 from the sale office equipment.

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

The balances of unconditional promises to give are as follows as of June 30, 2022 and 2021, respectively:

| | 2022 | 2021 |
|--|-------------|-------------|
| Less than one year | \$ - | \$ 20,484 |
| One to three years | - | - |
| More than three years | - | - |
| Total promises to give | - | 20,484 |
| Less discount for present value | - | - |
| Less allowance for doubtful promises to give | - | - |
| Net promises to give | \$ - | \$ 20,484 |

At June 30, 2022 and 2021, promises to give includes \$-0- and \$20,484, 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 Stonewall 2022 event was held June 25, 2022. The Stonewall 2021 event was canceled due to the COVID 19 pandemic. These promises to give were collected within 60 days subsequent to June 30, 2021.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5 **GRANTS RECEIVABLE**

Grants receivable consist of the following at June 30, 2022 and 2021, respectively:

| | 2022 | 2021 |
|--|-------------|-------------|
| <u>Palm Beach County Health Unit</u> | | |
| CODPI | \$ 18,750 | \$ 18,750 |
| <u>Palm Beach County Community Services Department</u> | | |
| Ryan White Title I – HIV Health Support Services | | |
| R2022-1103 | 382,532 | - |
| R2021-0307 | - | 328,375 |
| <u>Palm Beach County Youth Services Department</u> | | |
| R2020-1278 | 15,194 | 6,315 |
| <u>Planned Parenthood</u> | | |
| PREP | 1,943 | 5,318 |
| <u>Palm Beach County Victim Services Department</u> | | |
| R2019-0530 | - | 664 |
| <u>340B Program</u> | 280,709 | 269,626 |
| <u>Miscellaneous</u> | 22,180 | 14,998 |
| Total | \$ 721,308 | \$ 644,046 |

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 | \$ 1,580,673 |
| Grants receivable | 721,308 |
| Prepaid expenses | 5,321 |
| Financial assets at year end | \$ 2,307,302 |
| Less those unavailable for general expenditure within one year due to: | |
| Restricted by donor with time or purpose restrictions | (2,426) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 2,304,876 |

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, 2022 AND 2021

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 used the entire loan amount for qualifying expenses. The outstanding balance on the PPP Note was \$-0- and \$234,800 as of June 30, 2022 and 2021, 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, 2021, the Organization had recognized \$201,332 in contribution income and the remaining PPP loan balance was \$33,468.

On November 5, 2021, the Organization received notification for the Small Business Administration that principal in the amount of \$201,332 and interest of \$3,014.39 under the PPP loan was forgiven and the Company repaid the remaining \$33,468 balance.

NOTE 8 **BUILD OUT ADVANCE**

On December 4, 2018, the Organization entered into a preliminary collaborative agreement (partnership) with CAN Community Health, Inc. to provide medical care and support services to HIV and STD patients in Palm Beach County. Pursuant the collaborative agreement, CAN Community Health, Inc. advanced the cost to build out the new facility to administer the services. The build out advance is non-interest bearing. The partnership will used 20% of the net 340B net savings to repay the build out advance until fully repaid. If the Net 340B Savings are insufficient to repay the build out advance, then any remaining amount of the build out advance will be forgiven by CAN Community Health, Inc.; However, if the Partnership dissolution, withdrawal or termination is due to a breach of the agreement by the Organization, then no amounts shall be forgiven. As of June 30, 2022 and 2021, the Organization’s portion of the build out is \$238,756 and \$257,759, respectively of any repayments (see Note 10).

NOTE 9 **CONTRIBUTED SERVICES**

The Organization recognized contribution revenue for the years ended June 30, 2022 and 2021, 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:

| | 2022 | 2021 |
|---|-----------|----------|
| Outreach volunteers – 672.5 and 0 hours at \$14 and \$14, respectively | \$ 9,415 | \$ - |
| HIV Testing & CM Tech – 522 and 354.75 hours at \$14 and \$14, respectively | 7,308 | 4,967 |
| Total | \$ 16,723 | \$ 4,967 |

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

During 2022 and 2021, volunteers provided 3,242 and 2,116 hours of administrative and facility maintenance assistance valued at approximately \$35,104 and \$22,024 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, 2022 and 2021.

NOTE 10 **COMMITMENTS AND CONTINGENCIES**

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 expense were recognized for the fair value of the rent under the lease of \$291,229 and \$291,229 for the years ended June 30, 2022 and 2021 respectively.

Rent expense for the years ended June 30, 2022 and 2021 totaled \$310,674 and \$310,674, respectively.

The future minimum lease payments required under the operating leases are as follows as of June 30, 2022 and thereafter:

| FY Year Ending June 30, | Amount |
|------------------------------|------------|
| 2023 | \$ 19,445 |
| 2024 | 19,445 |
| 2025 | 19,445 |
| 2026 | 19,445 |
| Thereafter | 35,645 |
| Total minimum lease payments | \$ 113,425 |

Collaborative Agreement

On December 4, 2018, the Organization entered into a collaborative agreement (partnership) with CAN Community Health, Inc. to provide medical care and support services to HIV and STD patients in Palm Beach County. Pursuant the collaborative agreement, CAN Community Health, Inc. advanced the cost to build out the new facility to administer the services. The build out advance is non-interest bearing. The partnership will used 20% of the net 340B net savings to repay the build out advance until fully repaid. If the Net 340B Savings are insufficient to repay the build out advance, then any remaining amount of the build out advance will be forgiven by CAN Community Health, Inc.; However, if the Partnership dissolution, withdrawal or termination is due to a breach of the agreement by the Organization, then no amounts shall be forgiven (see note 8). Additionally, the Organization and CAN Community Health, Inc. have collaborated to obtain certification to participate in the 340B Drug Pricing program and agreed to divide the 340B program savings net of fees equally. The clinic was completed in June 2021 and began operations in August 2021.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 **ASSISTANCE FROM GOVERNMENTAL AGENCIES**

The following details the reimbursements and receipts from governmental agencies for the years ending June 30, 2022 and 2021, respectively:

| | 2022 | 2021 |
|---|---------------------|---------------------|
| <u>Federal Financial Assistance</u> | | |
| Department of Health and Human Services, Public Health Services – II through Palm Beach County HIV Emergency Relief Project Grant | | |
| R2022-1103 | \$ 382,532 | \$ - |
| R2021-0307 | 709,224 | 415,468 |
| R2019-0587 | - | 859,295 |
| Through Florida Department of Health, Palm Beach County Public Health Unit, HIV Prevention Activities – Health Department Based CODPI | 225,000 | 205,190 |
| The Department of Health and Human Services, through the Office of Adolescent Health to Planned Parenthood of South, North and East Florida | | |
| 2021/2022 | 14,707 | - |
| 2020/2021 | 17,860 | 46,117 |
| 2019/2020 | - | 15,150 |
| Total | \$ 1,349,323 | \$ 1,541,220 |
| <u>Local Financial Assistance</u> | | |
| Palm Beach County Youth Services Department | | |
| R2021-1282 | \$ 48,645 | \$ - |
| R2020-1289 | - | 48,645 |
| R2020-1278 | 61,649 | 44,145 |
| R2019-1424 | - | 14,040 |
| Palm Beach County Victim Services Department | | |
| R2019-1650 | 451 | 475 |
| R2019-0530 | - | 8,103 |
| United Way | | |
| 2021/2022 | 28,073 | - |
| 2020/2021 | 9,149 | 27,448 |
| 2019/2020 | - | 8,943 |
| Total | \$ 147,967 | \$ 151,799 |
| Grand Total | \$ 1,497,290 | \$ 1,693,019 |

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 12 **SUBSEQUENT EVENTS**

In January 2023, the Organization (sublessor) entered into a sublease agreement with CAN Community Health, Inc (sublessee). The term of the lease began July 1, 2022 and will continue through June 30, 2024. The sublessee will pay rent of \$1,670 per month.

The Organization evaluated subsequent events through March 29, 2023, the date of issuance of these financial statements.

**SCHEDULE 1 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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 | Pass-Through | Federal |
|--|----------------|---------------------|----------------------------|
| Grantor/Program or Cluster Title | CFDA | Entity | Federal |
| Grantor/Program or Cluster Title | Number | Identifying | Expenditures |
| Grantor/Program or Cluster Title | Number | Number | 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 | R2021 – 0307 | \$ 709,224 |
| HIV Emergency Relief Project Grants | * 93.914 | R2022 - 1103 | 382,532 |
| | | | <u>1,091,756</u> |
| Planned Parenthood of South, North and East Florida: | | | |
| Guardianship Assistance | 93.092 | PREP | 32,567 |
| State of Florida, Department of Health: | | | |
| HIV Prevention Program – Health Department Based | 93.940 | CODPI | 225,000 |
| | | | <u>225,000</u> |
| Total expenditures of federal awards | | | <u><u>\$ 1,349,323</u></u> |

* Denotes Major Program

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, 2022, 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 March 15, 2023.

Report on 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) 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, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Compass, Inc.'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 or significant deficiencies may exist that were not identified.

Report on 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 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 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.

/s/ Liggett & Webb, P.A.

LIGGETT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
March 29, 2023

**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

Opinion on Each Major Federal Program

We have audited Compass, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Compass, Inc.'s major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). 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, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Compass, Inc.'s 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, Inc.'s 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, Inc.'s 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 generally accepted auditing standards, *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, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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, Inc.'s 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, Inc.'s 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, Inc.'s 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.

/s/ Liggett & Webb, P.A.

LIGGETT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
March 29, 2023

COMPASS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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.