

COMPASS, INC.
FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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, 2015, 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, Vocht & Webb, P.A.

LIGGETT, VOGT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
December 31, 2015

COMPASS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash	\$ 77,811	\$ 18,013
Grants receivable	254,057	221,333
Promises to give	40,371	23,475
Prepaid expenses	<u>387</u>	<u>387</u>
Total current assets	372,626	263,208
Property and Equipment, net	602,822	643,016
Deposits and Other Assets	<u>4,950</u>	<u>4,950</u>
Total assets	\$ <u><u>980,398</u></u>	\$ <u><u>911,174</u></u>
Liabilities and Net Assets		
Accounts payable	\$ 24,284	\$ 17,678
Accrued expenses	18,607	18,622
Loans, current portion	<u>37,500</u>	<u>37,500</u>
Total current liabilities	80,391	73,800
Loans, less current portion	<u>68,750</u>	<u>106,250</u>
Total liabilities	<u>149,141</u>	<u>180,050</u>
Net Assets		
Unrestricted	831,257	654,249
Temporarily restricted	-	76,875
Permanently Restricted	<u>-</u>	<u>-</u>
Total net assets	<u>831,257</u>	<u>731,124</u>
Total liabilities and net assets	\$ <u><u>980,398</u></u>	\$ <u><u>911,174</u></u>

See accompanying notes to financial statements.

COMPASS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support, Revenues and Reclassifications						
Contributions	\$ 445,117	\$ -	445,117	\$ 407,543	\$ 76,875	\$ 484,418
Federal financial assistance	916,498	-	916,498	785,143	-	785,143
State financial assistance	5,154	-	5,154	-	-	-
Local financial assistance	51,683	-	51,683	54,921	-	54,921
340B Program Income	64,557	-	64,557	-	-	-
Outreach activities, net	355,611	-	355,611	260,938	-	260,938
Net assets released from restrictions	-	-	-	-	-	-
Satisfaction of purpose restrictions	76,875	(76,875)	-	22,148	(22,148)	-
Total public support, revenues and reclassifications	1,915,495	(76,875)	1,838,620	1,530,693	54,727	1,585,420
Expenses						
Program Services						
United Way/P.R.E.P.	109,273	-	109,273	127,185	-	127,185
HIV Prevention	330,476	-	330,476	303,269	-	303,269
Ryan White Title I	786,228	-	786,228	543,773	-	543,773
Supporting Services						
General and administrative	221,222	-	221,222	414,429	-	414,429
Fundraising	32,185	-	32,185	-	-	-
Outreach activities	259,103	-	259,103	290,199	-	290,199
Total expenses	1,738,487	-	1,738,487	1,678,855	-	1,565,122
Change in net assets	177,008	(76,875)	100,133	(148,162)	54,727	(93,435)
Net assets at beginning of year	654,249	76,875	731,124	802,411	22,148	824,559
Net assets at end of year	\$ 831,257	\$ -	\$ 831,257	\$ 654,249	\$ 76,875	\$ 731,124

See accompanying notes to financial statements.

COMPASS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Youth: United Way./P.R.E.P.	HIV Prevent: HIP/Mpwr	Ryan White Title I	Program Total	Outreach Activities	Fundraising	General & Admin	Total Expenses
Salaries	\$ 63,974	\$ 156,500	\$ 387,436	\$ 607,910	\$ 54,227	\$ -	\$ 148,019	\$ 810,156
Employee health benefits	1,386	26,656	54,637	82,679	4,941	-	3,600	91,220
Payroll taxes	9,038	19,437	47,291	75,766	4,043	-	17,399	97,208
Total salaries and related expenses	74,398	202,593	489,364	766,355	63,211	-	169,018	998,584
Advertising	60	298	238	596	536	-	60	1,192
Bad debt	-	-	-	-	3,012	-	-	3,012
Contract labor	-	-	650	650	-	-	-	650
Depreciation and amortization	2,562	12,808	23,054	38,424	10,246	-	2,562	51,232
Dues & Subscriptions	15	567	849	1,431	1,699	-	-	3,130
Education and training	2,876	770	1,044	4,690	685	-	2,810	8,185
Equipment lease	162	3,321	4,895	8,378	3,247	-	612	12,237
Food and beverage	806	-	-	806	1,196	967	-	2,969
Group facilitator, outreach worker and professional services volunteers	2,706	13,529	24,351	40,586	10,823	-	2,706	54,115
Insurance	995	4,975	8,955	14,925	3,980	-	995	19,900
Interest	-	-	-	-	-	-	7,349	7,349
Program Expense (client, event, direct)	3,708	3,180	75,410	82,298	89,532	28,651	-	200,481
Bank Fees	225	1,123	2,021	3,369	898	-	225	4,492
Postage	48	241	433	722	193	48	-	963
Printing	529	2,646	4,762	7,937	2,117	494	529	11,077
Professional fees	1,852	4,630	8,335	14,817	3,704	-	17,000	35,521
Rent	13,090	65,449	117,808	196,347	52,359	-	13,090	261,796
Repairs and maintenance	76	1,304	1,902	3,282	1,259	-	-	4,541
Supplies	2,136	1,976	4,073	8,185	2,911	2,025	-	13,121
Taxes and licenses	-	-	-	-	-	-	2,401	2,401
Telephone, Internet (Communications)	754	3,771	6,788	11,313	3,017	-	754	15,084
Travel and transportation	1,164	1,737	1,288	4,189	30	-	-	4,219
Utilities	1,111	5,558	10,008	16,677	4,448	-	1,111	22,236
Total expenses, June 30, 2015	\$ 109,273	\$ 330,476	\$ 786,228	\$ 1,225,977	\$ 259,103	\$ 32,185	\$ 221,222	\$ 1,738,487

See accompanying notes to financial statements.

COMPASS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Youth: United Way./P.R.E.P.	HIV Prevent: HIP/Mpwr	Ryan White Title I	Program Total	General & Admin.	Outreach Activities	Total	Total Expenses
Salaries	\$ 38,035	\$ 175,320	\$ 341,636	\$ 554,991	\$ -	\$ 149,664	\$ 149,664	\$ 704,655
Employee health benefits	7,536	32,865	56,021	96,422	-	16,175	16,175	112,597
Payroll taxes	3,674	16,048	30,704	50,426	-	13,233	13,233	63,659
Total salaries and related expenses	49,245	224,233	428,361	701,839		179,072	179,072	880,911
Advertising	49	49	49	147	-	50	50	197
Bad debt	-	-	-	-	-	-	-	-
Contract labor	-	-	1,775	1,775	-	-	-	1,775
Depreciation and amortization				-	117,411	-	117,411	117,411
Education and training	6,434	6,434	6,434	19,302	-	6,434	6,434	25,736
Equipment lease	1,397	1,397	1,397	4,191		1,398	1,398	5,589
Food and beverage	1,547	336	22,760	24,643	-	8,712	8,712	33,355
Group facilitator, outreach worker and professional services volunteers	17,373	17,373	17,373	52,119	-	17,373	17,373	69,492
Insurance	4,821	4,821	4,821	14,463		4,821	4,821	19,284
Interest	-	-	-	-	9,298	-	9,298	9,298
Loss (gain) on disposal of fixed assets	-	-	-	-	-	-	-	-
Loss on capital lease settlement							-	-
Program Event Expense	18,415	16,279	16,279	50,973	31,264	17,767	49,031	100,004
Bank Fees	951	951	951	2,853	951	952	1,903	4,756
Postage	889	889	889	2,667	889	887	1,776	4,443
Printing	-	2,071	2,141	4,212	-	13,124	13,124	17,336
Professional fees	6,040	6,040	6,040	18,120	6,040	6,040	12,080	30,200
Rent	1,945	5,833	8,507	16,285	220,584	6,960	227,544	243,829
Repairs and maintenance	1,301	1,301	1,301	3,903	1,301	1,301	2,602	6,505
Supplies	2,394	2,546	4,176	9,116	4,073	4,472	8,545	17,661
Taxes and licenses	-	-	-	-	420	-	420	420
Telephone, Internet (Communications)	3,646	3,646	3,646	10,938	3,646	3,644	7,290	18,228
Travel and transportation	3,880	2,212	10,015	16,107	11,694	10,333	22,027	38,134
Utilities	6,858	6,858	6,858	20,574	6,858	6,859	13,717	34,291
Total expenses, June 30, 2014	\$ 127,185	\$ 303,269	\$ 543,773	\$ 974,227	\$ 414,429	\$ 290,199	\$ 704,628	\$ 1,678,855

See accompanying notes to financial statements.

COMPASS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Increase/(Decrease) in net assets	\$ 100,133	\$ (93,435)
Adjustments to reconcile decrease in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	51,231	117,412
(Increase) decrease in operating assets:		
Grants receivable	(32,724)	(146,541)
Promises to give	(16,896)	(10,505)
Prepaid expenses and other assets	-	5,321
Increase (decrease) in operating liabilities:		
Accounts payable	6,606	15,547
Accrued expenses	(15)	(1,897)
Deferred Revenue	-	(25,000)
Net cash provided by/(used in) operating activities	<u>108,335</u>	<u>(139,098)</u>
Cash Flows From Investing Activities		
Purchase of furniture and equipment	(11,037)	-
Net cash (used in) investing activities	<u>(11,037)</u>	<u>-</u>
Cash Flows From Financing Activities		
Proceeds from/(repayments to) line of credit	(37,500)	(6,250)
Principal payments on capital leases	-	(24,310)
Net cash used in financing activities	<u>(37,500)</u>	<u>(30,560)</u>
Net increase/(decrease) in cash and cash equivalents	59,798	(169,658)
Cash and Cash Equivalents		
Beginning of year	<u>18,013</u>	<u>187,671</u>
End of year	\$ <u><u>77,811</u></u>	\$ <u><u>18,013</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ <u>7,349</u>	\$ <u>8,536</u>

See accompanying notes to financial statements.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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.

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, 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.

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.

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 center memberships, 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 Pridefest of the Palm Beaches and Stonewall Ball. Over 250 not-for-profit organizations, neighborhood associations and public city meetings are organized and held at the

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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.

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", therefore reporting net revenues of \$64,557 with expenses in the amount of \$89,839.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

- **Unrestricted** - 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 permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that 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.
- **Permanently Restricted** - Net assets 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.

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, 2015 and 2014, the Organization had no cash balances in excess of FDIC insurance at its financial institutions.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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 \$1,191 and \$197 for the years ended June 30, 2015 and 2014, 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.

Concentration of Support

Approximately 51% and 53% in the years ended June 30, 2015 and 2014, 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. Grants Receivable is made up 100% of grants from federal, state or local agencies.

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 2011-2015 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.

Management writes off promises to give as identified. Revenue under grant agreements is deferred and recognized over the term of the agreements (typically one year) on a straight-line basis.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Restricted and Unrestricted Revenue and Support

Contributions that are restricted by the donors are reported as increases in unrestricted 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 temporarily or permanently restricted 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), temporarily restricted net assets are reclassified to unrestricted 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

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, 2015 and 2014, respectively:

	2015	2014
Land	\$ 4,190	\$ 4,190
Building and building improvements	838,407	838,407
Office equipment	293,840	282,803
Furniture and fixtures	348,260	348,260
	<u>1,484,697</u>	<u>1,473,660</u>
Less: accumulated depreciation	<u>(881,875)</u>	<u>(830,644)</u>
	<u>\$ 602,822</u>	<u>\$ 643,016</u>

The Organization's additions for the years ended June 30, 2015 and 2014 were \$11,037 and \$0, respectively. Depreciation expense for the years ended June 30, 2015 and 2014 was \$51,231 and \$117,412, respectively.

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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

The balances of unconditional promises to give are as follows as of June 30, 2015 and 2014, respectively:

	2015	2014
Less than one year	\$ 40,371	\$ 23,475
One to three years	-	-
More than three years	-	-
Total promises to give	40,371	23,475
Less discount for present value	-	-
Less allowance for doubtful promises to give	-	-
Net promises to give	<u>\$ 40,371</u>	<u>\$ 23,475</u>

At June 30, 2015 and 2014, promises to give includes \$40,371 and \$23,475, respectively, primarily from donations for the PREP program, and ticket sales, silent auction items and sponsorships in association with the Organization's Stonewall Ball outreach event held each June. These promises to give were collected within 60 days subsequent to June 30, 2015 and 2014, respectively.

During the year ended June 30, 2014, \$50,000 was awarded to the Organization in support of the Compass Peer Navigator Program, \$26,199 was awarded in support of the Digital Entourage Program and \$54,921 was awarded in support of the PREP program. At June 30, 2014, \$76,875 remained restricted. All restrictions were released during the year ended June 30, 2015.

NOTE 5 **GRANTS RECEIVABLE**

Grants receivable consist of the following at June 30, 2015 and 2014, respectively:

	2015	2014
<u>Palm Beach County Health Unit</u>		
CODEIH 2014	-	8,333
CODEHW 2014	-	30,000
CODJG 2014	8,333	-
CODEHW 2015	15,000	-
<u>Palm Beach County Community Services Department</u>		
Ryan White Title I – HIV Health Support Services		
R2014 - 0583	-	178,522
R2015 - 0615	194,960	-
<u>State of Florida DOH</u>	31,333	-
<u>Planned Parenthood</u>		
PREP	4,333	4,478
<u>Misc</u>	98	-
Total	<u>\$ 254,057</u>	<u>\$ 221,333</u>

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 6 **LOANS**

In March 2014, the Organization modified a revolving line of credit with a bank with maximum borrowings of \$150,000 into a term loan with the same bank. The loan bears interest equal to 5.25% and matures on April 6, 2018 with required principal payments of \$3,125 per month beginning in May 2014. All borrowings are collateralized by substantially all the business assets of the Organization. The outstanding balance on the loan/line of credit was \$106,250 and \$143,750 as of June 30, 2015 and 2014, respectively. \$68,750 is classified as long term debt as it is not due within the next twelve months.

NOTE 7 **CONTRIBUTED SERVICES**

The Organization recognized contribution revenue for the years ended June 30, 2015 and 2014, 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:

	2015	2014
Group facilitators – 1,020 and 1,020 hours at \$35 and \$35, respectively	\$ 35,700	\$ 35,700
Group facilitators –565 and 565 hours at \$12 and \$12, respectively	6,780	6,780
HIV Testing & CM Tech– 831 and 1,358 hours at \$14 and \$14 per hour, respectively	11,634	19,012
Total	\$ 54,114	\$ 61,492

During 2015 and 2014, volunteers provided 3,048 and 3,708 hours of administrative and facility maintenance assistance valued at approximately \$30,480 and \$37,080 respectively. The values of the administrative services were not recognized as revenue or expense in the accompanying Statement of Activities for the year ended June 30, 2015 and 2014.

During 2015 and 2014, the Organization recognized contribution revenue for specialized graphic design, accounting and legal services provided by volunteers valued at \$0 and \$8,000, respectively.

NOTE 8 **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 expense were recognized for the fair value of the rent under the lease of \$235,467 and \$217,424 for the years ended June 30, 2015 and 2014 respectively.

Rent expense for the years ended June 30, 2015 and 2014 totaled \$258,181 and \$236,869, respectively.

The future minimum lease payments required under the operating leases are as follows as of June 30, 2015 and thereafter:

Year Ending June 30,	Amount
2016	\$ 19,445
2017	19,445
2018	19,445
2019	19,445
Thereafter	163,660
Total minimum lease payments	\$ 241,440

COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 9 **ASSISTANCE FROM GOVERNMENTAL AGENCIES**

The following details the reimbursements and receipts from governmental agencies for the years ending June 30, 2015 and 2014, respectively:

	2015	2014
<u>Federal Financial Assistance</u>		
Department of Health and Human Services, Public Health Services – II through Palm Beach County HIV Emergency Relief Project Grant		
R2015 - 0615	\$ 230,382	\$ -
R2014 - 0583	411,116	178,767
R2013 - 0521	-	331,376
Through Florida Department of Health, Palm Beach County Public Health Unit, HIV Prevention Activities – Health Department Based		
CODIH	-	100,000
CODHW - 2014	90,000	175,000
CODHW - 2015	85,000	-
CODJG - 2014	100,000	-
Total	\$ 916,498	\$ 785,143
<u>State Financial Assistance</u>		
Florida Department of Health, through Palm Beach County Public Health Unit, HIV Related Services		
HSCEF Grant	\$ 5,154	\$ -
Total	\$ 5,154	\$ -
<u>Local Financial Assistance</u>		
Planned Parenthood 2015/2014	51,683	54,921
Total	\$ 51,683	\$ 54,921
Grand Total	\$ 973,335	\$ 840,064

NOTE 10 **SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through December 31, 2015, 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, 2015**

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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	Expenditures
Grantor/Program or Cluster Title	Number	Identifying	Number
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	R2014 – 0583	\$ 411,116
HIV Emergency Relief Project Grants	* 93.914	R2015 – 0615	230,382
			<hr/>
			\$ 641,498
State of Florida, Department of Health:			
HIV Prevention Activities - Health			
Department Based (HIV Prevention Program)			
	93.940	CODHW	175,000
	93.940	CODJG	100,000
			<hr/>
			\$ 275,000
Total U.S. Department of Health and Human Services			<hr/>
			\$ 916,498
Total expenditures of federal awards			<hr/> <hr/>
			\$ 916,498

* 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, 2015, 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, 2015.

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.

Liggett, Vegt & Webb, P.A.

LIGGETT, VOGT & WEBB, P.A.
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

December 31, 2015

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Liggett, Vocht & Webb, P.A.

LIGGETT, VOGT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
December 31, 2015

COMPASS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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 Section 510(a) of OMB Circular A-133 are reported in this schedule.
6. The program tested as the major program was the HIV Emergency Relief Grant Program Part A Formula Grants – CFDA # 93.914
7. The threshold for distinguishing Type A and B Programs was \$300,000.
8. Compass, Inc. qualifies as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

No reportable conditions were disclosed.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

No audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 or questioned costs were disclosed.