COMPASS YOUTH COLLABORATIVE, INC.

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

COMPASS YOUTH COLLABORATIVE, INC.

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
COMPASS Youth Collaborative, Inc.

We have audited the financial statements of COMPASS Youth Collaborative, Inc. (a not-for-profit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of COMPASS Youth Collaborative, 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 opinion.

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 COMPASS Youth Collaborative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Marcum LLP / CityPlace I / 185 Asylum Street / 25th Floor / Hartford, CT 06103 / **Phone** 860.760.0600 / **marcumllp.com**

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 COMPASS Youth Collaborative, 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 COMPASS Youth Collaborative, 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.

Marcum LLP

Hartford, CT
October 29, 2024

COMPASS YOUTH COLLABORATIVE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash	$ 4,136,247	$ 3,018,797
Grants receivable	314,631	878,492
Prepaid expenses	58,410	27,297
Other assets	14,953	1,278
Total Current Assets	4,524,241	3,925,864
Non Current Assets		
Board designated operating reserve	438,300	--
Operating lease, right-of-use asset	238,342	70,040
Property and equipment, net	245,695	313,594
Total Assets	$ 5,446,578	$ 4,309,498
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 60,952	$ 26,239
Accrued expenses	224,821	134,495
Operating lease liability, current portion	70,293	13,712
Refundable advance	45,000	117,474
Total Current Liabilities	401,066	291,920
Operating Lease Liability, Net of Current Portion	172,406	56,328
Total Liabilities	573,472	348,248
Net Assets		
Without donor restrictions		
Board designated	438,300	--
Undesignated	3,323,278	1,565,273
Total without donor restrictions	3,761,578	1,565,273
With donor restrictions	1,111,528	2,395,977
Total Net Assets	4,873,106	3,961,250
Total Liabilities and Net Assets	$ 5,446,578	$ 4,309,498

The accompanying notes are an integral part of these financial statements.

COMPASS YOUTH COLLABORATIVE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	$ 2,512,975	$ 1,708,043	$ 4,221,018	$ 1,289,806	$ 244,502	$ 1,534,308
Contributions - in-kind	27,000	--	27,000	--	--	--
Grant revenue	927,432	36,000	963,432	962,807	2,193,603	3,156,410
Other income	6,914	--	6,914	9,803	--	9,803
Net assets released from restriction	3,028,492	(3,028,492)	--	1,236,626	(1,236,626)	--
Total Revenues	6,502,813	(1,284,449)	5,218,364	3,499,042	1,201,479	4,700,521
Expenses						
Program services - Youth Outreach	4,076,904	--	4,076,904	3,253,382	--	3,253,382
Support services	202,197	--	202,197	120,061	--	120,061
Fundraising	27,407	--	27,407	9,794	--	9,794
Total Expenses	4,306,508	--	4,306,508	3,383,237	--	3,383,237
Change in Net Assets	2,196,305	(1,284,449)	911,856	115,805	1,201,479	1,317,284
Net Assets - Beginning	1,565,273	2,395,977	3,961,250	1,449,468	1,194,498	2,643,966
Net Assets - End	$ 3,761,578	$ 1,111,528	$ 4,873,106	$ 1,565,273	$ 2,395,977	$ 3,961,250

The accompanying notes are an integral part of these financial statements.

COMPASS YOUTH COLLABORATIVE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Services - Youth Outreach	Support Services	Fundraising & Development	Total	Program Services - Youth Outreach	Support Services	Fundraising & Development	Total
Personnel & related expenses	$ 2,729,259	$ 74,282	$ 24,761	$ 2,828,302	$ 2,145,375	$ 29,383	$ 9,794	$ 2,184,552
Supplies	458,637	--	--	458,637	331,077	--	--	331,077
Occupancy	150,864	32,540	--	183,404	136,171	6,657	--	142,828
Professional fees	344,080	433	--	344,513	220,322	11,832	--	232,154
Insurance	49,808	--	--	49,808	30,472	1,445	--	31,917
Operating expenses	85,083	7,735	22	92,840	190,800	2,641	--	193,441
Staff development	177,095	2,762	--	179,857	179,155	100	--	179,255
Other	13,443	8,086	2,624	24,153	8,065	59	--	8,124
Travel	68,635	--	--	68,635	11,945	--	--	11,945
Depreciation and amortization	--	76,359	--	76,359	--	67,944	--	67,944
	$ 4,076,904	$ 202,197	$ 27,407	$ 4,306,508	$ 3,253,382	$ 120,061	$ 9,794	$ 3,383,237

The accompanying notes are an integral part of these financial statements.

COMPASS YOUTH COLLABORATIVE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	$ 911,856	$ 1,317,284
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	76,359	67,944
Amortization of operating right-of-use asset	(51,795)	14,925
Changes in operating assets and liabilities:		
Grants receivable	563,861	(419,924)
Prepaid expenses and other assets	(44,788)	(5,693)
Accounts payable	34,713	(18,520)
Accrued expenses	90,326	534
Operating lease liability	56,152	(14,925)
Refundable advance	(72,474)	107,242
Net Cash Provided by Operating Activities	1,564,210	1,048,867
Cash Flows from Investing Activities		
Purchases of property and equipment	(8,460)	(115,088)
Net Cash Used in Investing Activities	(8,460)	(115,088)
Net Increase in Cash and Board Designated Operating Reserve	1,555,750	933,779
Cash and Board Designated Operating Reserve - Beginning	3,018,797	2,085,018
Cash and Board Designated Operating Reserve - End	$ 4,574,547	$ 3,018,797
Reconciliation of Cash and Board Designated Operating Reserve		
Cash	$ 4,136,247	$ 3,018,797
Board designated operating reserve	438,300	--
Cash and Board Designated Operating Reserve	$ 4,574,547	$ 3,018,797

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION

COMPASS Youth Collaborative, Inc. (the "Organization") is a not-for-profit organization that provides educational, recreational and cultural enrichment activities to youth in Hartford, Connecticut. The Organization's funding is provided through grants and contributions received from government agencies and the general public.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows. The Organization reports information regarding its financial position and activities according the following net asset categories:

Net assets without donor restrictions – Net assets that are not subject to explicit donor-imposed stipulations represent available resources.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations are temporary in nature, such as those events specified by the donor or subject to time restrictions. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity.

REVENUE RECOGNITION

Transactions where the resource provider does not receive commensurate value are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier. Any funding received prior to overcoming the barrier is recognized as a refundable advance. Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Cash contributions - The Organization reports unconditional promises to give as revenue when the promise is received. Unconditional contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donor-restricted contributions whose conditions and restrictions are met in the same reporting period have been reported as unrestricted support in the statements of activities and changes in net assets.

Non-cash contributions - The Organization records the estimated fair value of donated materials, equipment and usage of assets (i.e., rent) as both revenues and expenses in the period in which the donation is received.

Grants - Grants may be considered a conditional or unconditional promise to give. Grants considered to be unconditional promises to give are recognized when awarded. Grants considered to be conditional promises to give are recognized when the conditions are met. Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. The Organization has not been informed by any agencies of any funds which are required to be returned. Amounts received prior to meeting conditions are reported as refundable advances on the statement of financial position. Contributions that are restricted by the donor are reported as net assets without restrictions if the restrictions expire in the same period in which the contributions are recognized.

Donated services - The Organization recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The Organization values these volunteer services based upon an hourly rate, determined by an estimated standard market rate, multiplied by the number of volunteer hours.

The Organization recognizes in-kind noncash contributions for personnel costs relating to security and teachers as well as food and transportation costs for the programs in the Hartford Public Schools. During the year ended June 30, 2024, there was contributed clothing of $27,000. There were no contributed items during the year ended June 30, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment greater than $2,500 are capitalized and stated at cost. Depreciation and amortization is calculated using the straight-line method over three to twenty years.

Expenditures for major renewals and betterments, which extend the useful lives of property and equipment, are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred.

CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. The Organization places its temporary cash investments with high credit quality financial institutions. There were no cash equivalents as of June 30, 2024 and 2023.

FUNCTIONAL EXPENSES

The costs of providing various program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

TAX STATUS

The Organization is classified by the Internal Revenue Service ("IRS") as a tax-exempt organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization accounts for uncertainty in income taxes in accordance with the Income Tax Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The Organization files federal and State of Connecticut income tax returns, which represent the major tax jurisdictions of the Organization. There are currently no audits pending or in process. The Organization does not believe there are any uncertain tax positions at June 30, 2024 and 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAX STATUS (CONTINUED)

If applicable, the Organization would recognize interest and penalties associated with tax matters as part of management and general expenses in the statements of activities and changes in net assets and include accrued interest and penalties in accrued expenses in the statements of financial position. The Organization did not recognize any interest and penalties associated with the tax matters for the years ended June 30, 2024 and 2023.

GRANTS RECEIVABLE

Grants receivable are presented net of an allowance for doubtful collections. Allowances for grants receivable are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected. At June 30, 2024 and 2023, no allowance was required based on management's analysis.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Amounts greater than federally insured limits total approximately $4.3 million and $2.5 million at June 30, 2024 and 2023, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

RECLASSIFICATIONS

Certain amounts in the 2023 financial statements have been reclassified to conform with the current year financial statement presentation. There was no effect on the 2023 net assets or results of operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

Management has reviewed subsequent events through October 29, 2024, which is the date the financial statements were approved and available for issuance. No events requiring disclosure or recognition in the financial statements were identified.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

As of June 30, 2024 and 2023, the Organization has approximately $4.5 million and $3.9 million, respectively, of financial assets available to meet annual operating needs for the next fiscal year as follows:

	2024	2023
Cash	$ 4,136,247	$ 3,018,797
Grants receivable	314,631	878,492
Total financial assets	$ 4,450,878	$ 3,897,289

Although some grants are subject to donor-imposed restrictions related to purpose, the restrictions are expected to be met within 12 months.

The Organization supports its general operations primarily with unrestricted donor contributions and donor-restricted funds whose time or purpose restriction has been met.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

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

	2024	2023
Furniture and fixtures	$ 32,830	$ 29,591
Computers and equipment	219,818	214,597
Website development	132,182	132,182
Leasehold improvements	71,056	71,056
Vehicles	129,468	129,468
	585,354	576,894
Less accumulated depreciation and amortization	339,659	263,300
	$ 245,695	$ 313,594

Depreciation and amortization expense related to property and equipment amounted to $76,359 and $67,944 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 – CONTRIBUTED MATERIALS, EQUIPMENT AND SERVICES

In-kind contributions are recorded as contribution and expense in the accompanying statements of activities and changes in net assets. In-kind contributions of donated non-cash assets are recorded at their fair value in the period received, and consist primarily of donated food items, supplies/equipment items and donated services.

A number of board members have donated significant amounts of their time to the Organization's program and administrative services; however, these donated services are not reflected in the financial statements as they do not meet the criteria for recording.

The Organization receives contributed time from individuals and companies.

In-kind contributions included in the accompanying statements of activities and changes in net assets for the year ended June 30, 2024 are comprised of clothing, with fair value determined based on the retail value without donor restrictions, in the amount of $27,000. There were no contributed facilities or services during the year ended June 30, 2023.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2024	2023
Peace builders program	$ 1,111,528	$ 2,395,977

NOTE 7 – LEASES

The Organization leases office space under a lease agreement with 365 Ledyard Street LLC that commenced on June 16, 2022 and expires July 31, 2027. The lease requires monthly payments of base rent of $1,500, which escalate annually during the lease term to $1,750. In addition to base rent, the Organization is responsible for certain maintenance costs and taxes, and its pro rata share of increases in real property taxes over a base year.

The Organization leases office space under a lease agreement with 55 Airport Road LLC that commenced on October 1, 2023 and expires July 31, 2027. The lease requires monthly payments of base rent of $3,800, which escalate annually during the lease term to $4,532. In addition to base rent, the Organization is responsible for certain maintenance costs and taxes, and its pro rata share of increases in real property taxes over a base year.

The Organization leases additional office space under a lease agreement with 55 Airport Road LLC that commenced on October 1, 2023 and expires July 31, 2027. The lease requires monthly payments of base rent of $1,250, which escalate annually during the lease term to $1,400. In addition to base rent, the Organization is responsible for certain maintenance costs and taxes, and its pro rata share of increases in real property taxes over a base year.

Rent expense for the years ended June 30, 2024 and 2023 totaled $76,352 and $60,860, respectively, and is included in occupancy on the accompanying statements of functional expenses.

NOTE 7 – LEASES (CONTINUED)

Future minimum lease payments under the operating leases are as follows:

For the Years Ending June 30,	
2025	$ 81,448
2026	85,287
2027	90,513
2028	6,808
Total future minimum lease payments	264,056
Less: Interest	(21,357)
Present value of lease liability	$ 242,699

The following summarizes the cash flow information related to operating leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	$ 59,053
Operating lease assets obtained in exchange for lease liabilities	$ 219,702

Weighted average lease term and discount rate as of June 30, 2024, were as follows:

Weighted average remaining lease term	3.1 years
Weighted average discount rate	5.28%

NOTE 8 – RELATED PARTY TRANSACTIONS

During 2024 and 2023, the Organization received $6,000 each year in contributions by members of the Board of Directors.

NOTE 9 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of time and effort of the Organization's personnel. The costs of providing various program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. On a periodic basis, the Organization reviews its functional expense classifications and related allocations.

NOTE 10 – REVENUE CONCENTRATION

Four funding sources accounted for approximately 49% and 88% of total revenue for the year ended June 30, 2024 and 2023, respectively. These four funders also accounted for approximately 0% and 80% of the grants receivable balance as of June 30, 2024 and 2023, respectively.

NOTE 11 – BOARD DESIGNATED OPERATING RESERVE

During the year ended June 30, 2024, the Board of Directors of the Organization created a board designated operating reserve to help ensure the long term financial stability of the Organization, and to position them to respond strategically to changing environmental conditions and circumstances affecting its financial position and ability to carry out its mission. At June 30, 2024, the balance of this reserve amounted to $438,300 and is included board designated operating reserve as well as net assets without restrictions – board designated on the statements of financial position.