

**COMMUNITY HUMAN SERVICES**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2016**

# COMMUNITY HUMAN SERVICES

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# COMMUNITY HUMAN SERVICES

## BOARD OF DIRECTORS JUNE 30, 2016

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<u>Agencies</u>	<u>Primaries</u>	<u>Alternates</u>
City of Carmel	Vacant	Paul Tomasi
City of Del Rey Oaks	Mike Ventimiglia	Vacant
City of Marina	Nancy Amadeo	Vacant
City of Monterey	Alan Haffa	Mike Aspland
City of Pacific Grove	Alan Cohen, Vice Chair	Vacant
City of Salinas	Vacant	Vacant
City of Sand City	Mary Ann Carbone, Board Chair	Linda Scholink
City of Seaside	Mary Mitchell	Dave Pacheco
Carmel Unified School District	Annette Yee Steck, Finance Committee Chair	Dr. John Ellison
Monterey Peninsula Unified School District	Alana Myles	Vacant
Pacific Grove Unified School District	Vacant	Vacant
Monterey Peninsula Community College District	Loren Steck	Victoria Phillips
North Monterey County Unified School District	Ashley Powers Clark	Dr. Richard Diaz
Monterey County Office of Education	Harvey Kuffner	Mary Claypool
Santa Rita Union School District	Vacant	Vacant

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Community Human Services  
Monterey, California

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of Community Human Services (a Joint Powers Agency of California local governments), (Agency) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### *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 opinions 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Community Human Services, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other information, such as the Schedule of Functional Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Schedule of Functional Revenues and Expenses are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 and Schedule of Functional Revenues and Expenses are fairly stated, in all material respects, in relation to the basic 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 October 10, 2016, on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Klausinek, Trine, Day & Co., LLP".

Palo Alto, California  
October 10, 2016

# COMMUNITY HUMAN SERVICES

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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This section of Community Human Services' (the Agency) annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended on June 30, 2016. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the Agency's basic financial statements, which begin on page 12. Comparisons to and analysis of the prior year are incorporated where appropriate.

### FINANCIAL HIGHLIGHTS

- The Agency's net position decreased by \$43,274 (or 1.8%) during 2016. Since the Agency engages only in business type activities, the decrease is all in the category of business-type net position. Net position was \$2,403,769 and \$2,447,043 for 2016 and 2015, respectively.
- The Agency's return on total ending net position was -1.8%.
- Total cost of all the Agency's programs was \$5,007,040 and \$4,305,555 for 2016 and 2015, respectively.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, notes to the basic financial statements, an Independent Auditor's Report thereon and this Management's Discussion and Analysis. Readers of these financial statements are encouraged to consider the report as a whole to obtain a complete understanding of the Agency's financial condition.

#### **Statement of Net Position**

The Statement of Net Position is a report of the Agency's assets, liabilities and net position. Assets and liabilities are reported at book value, on an accrual basis as of the statement date. Assets and liabilities have been segregated between current (expected to be liquidated or paid within one year) and noncurrent. Net Position is reported in major categories reflecting any restrictions thereon.

#### **Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position presents the Agency's revenue earned and expenses incurred during the period on an accrual basis. The Statement has been segregated into operating and nonoperating sections.

#### **Statement of Cash Flows**

The Statement of Cash Flows presents the source and uses of cash and is segregated into operating, capital and related financing, noncapital financing and investing activities. The direct method of cash flows reporting has been used and the indirect method of calculating cash provided (used) by operations is also presented.

# COMMUNITY HUMAN SERVICES

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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### Fund Financial Statements

The fund financial statements provide more detailed information about the Agency's most significant funds. The Agency consists of exclusively Enterprise Funds, but the focus now is on Major Funds, rather than fund types. In order to be selected as a major fund, the fund's assets, liabilities, revenues, or expenses should be at least 10% or more of the fund type's total assets, liabilities, revenues or expenses and at least 5% or more of the Agency's total assets, liabilities, revenues or expenses. Since the Agency has only one fund type, the 10% criteria is used to determine major funds. The Enterprise method of accounting is similar to accounting utilized by private sector accounting.

### THE AGENCY'S FUNDS

#### Business Type Funds

**Operating Fund** – This is the Agency's main operating fund.

**Prevention and Treatment of Substance Abuse Program Fund** – Under the Prevention and Treatment of Substance Abuse Fund, the Agency provides residential drug treatment, outpatient drug treatment, a supported sober living environment and a youth substance abuse education and intervention program. The Fund consists of five programs:

- Genesis House Perinatal Program
- Genesis House Co-Ed Program
- Elm House
- Drug and Alcohol Intervention Services for Youth (DAISY) Program
- Outpatient Drug Treatment Centers in Salinas and Seaside

**Narcotic Treatment Program Fund** – Under the Narcotic Treatment Program Fund, the Agency operates Off Main Clinic, a medication-assisted treatment program. The Clinic offers closely monitored methadone dispensing and substance abuse counseling to Medi-Cal and private pay patients.

**Counseling Services** – Under the Counseling Services Fund, the Agency provides outpatient mental health counseling, parent education and family safety-net services. The Fund consists of six programs operating out of the Family Service Centers in Salinas and Seaside:

- Family to Family Program
- Pathways to Safety Program
- Access to Treatment Outpatient Mental Health Program
- Counseling and Therapy Services (CATS) Program for LGBTQ individuals and individuals with HIV/AIDS
- Self-Referral Mental Health Counseling Program
- Parent Education Program

# COMMUNITY HUMAN SERVICES

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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**Other Non-Major Funds** – In addition to the major funds above, the Agency also maintains the following non-major funds:

- Basic Center Program for runaway and homeless youth
- Street Outreach Program for runaway and homeless youth
- Safe Passage Program for homeless youth ages 18 – 21
- Domestic Violence/Anger Management Program
- Supervised Visitation and Exchange Program
- SuperKids/SuperTeens school-based counseling program

### COMPARATIVE ANALYSIS

#### Statement of Net Position

A comparative summary of the Agency's Statement of Net Position as of June 30, which generally reflects its financial condition, is as follows:

	<u>2016</u>	<u>2015</u>	<u>Changes</u>	<u>% Changes</u>
<b>Assets</b>				
Current assets	\$ 4,872,294	\$ 4,337,838	\$ 534,456	12.32%
Capital and other assets	2,713,950	2,790,470	(76,520)	-2.74%
<b>Total Assets</b>	<b><u>7,586,244</u></b>	<b><u>7,128,308</u></b>	<b><u>457,936</u></b>	6.42%
<b>Liabilities</b>				
Current liabilities	4,171,230	3,643,804	527,426	14.47%
Long-term obligations	1,011,244	1,037,461	(26,217)	-2.53%
<b>Total Liabilities</b>	<b><u>5,182,474</u></b>	<b><u>4,681,265</u></b>	<b><u>501,209</u></b>	10.71%
<b>Net Position</b>				
Net investment in capital assets	1,189,996	1,241,691	(51,695)	-4.16%
Restricted	959,903	718,186	241,717	33.66%
Unrestricted	253,870	487,166	(233,296)	-47.89%
<b>Total Net Position</b>	<b><u>\$ 2,403,769</u></b>	<b><u>\$ 2,447,043</u></b>	<b><u>\$ (43,274)</u></b>	-1.77%

#### **Major Factors Affecting the Statement of Net Position**

Current year's net position decreased by \$43,274 over the prior year. The current year decrease was related primarily to slow growth of clientele in two new outpatient drug treatment programs and facilities improvements.

# COMMUNITY HUMAN SERVICES

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

### Statement of Revenues, Expenses and Changes in Net Position

A comparative summary of the Agency's Statement of Revenues, Expenses and Changes in Net Position, which generally reflects its results of operations as of June 30, is as follows:

	2016	2015	Changes	% Changes
<b>Revenues</b>				
Program revenues:				
Grants	\$ 4,126,612	\$ 3,343,502	\$ 783,110	23.42%
Charges and fees	441,646	410,423	31,223	7.61%
Contributions	263,298	383,740	(120,442)	-31.39%
Joint Powers Agency support	129,271	124,075	5,196	4.19%
Other revenue	2,939	10,766	(7,827)	-72.70%
<b>Total Revenues</b>	<b>4,963,766</b>	<b>4,272,506</b>	<b>691,260</b>	<b>16.18%</b>
<b>Expenses</b>				
General	897,636	845,620	52,016	6.15%
Off Main Clinic Methadone Program	816,941	769,736	47,205	6.13%
Genesis House Co-Ed Program	669,357	636,917	32,440	5.09%
Access to Treatment Outpatient Mental Health Program	578,904	479,715	99,189	20.68%
Genesis House Perinatal Program	292,302	235,285	57,017	24.23%
Basic Center Program for runaway and homeless youth	223,057	200,459	22,598	11.27%
Family to Family Program	148,799	168,997	(20,198)	-11.95%
Street Outreach Program for runaway and homeless youth	169,422	165,354	4,068	2.46%
Safe Passage Program	192,527	165,134	27,393	16.59%
Mental Health Services Act Programs	163,465	164,109	(644)	-0.39%
DAISY Program	209,018	110,905	98,113	88.47%
Pathways to Safety Program	125,965	82,494	43,471	100.00%
Outpatient Drug Treatment Centers	314,845	66,615	248,230	100.00%
Self-Referred Mental Health Counseling Program	26,287	59,213	(32,926)	-55.61%
Supervised Visitation and Exchange Program	43,512	53,138	(9,626)	-18.12%
Domestic Violence/Anger Management Program	40,178	41,456	(1,278)	-3.08%
Elm House	51,733	41,362	10,371	25.07%
SuperKids/SuperTeens Program	40,889	15,700	25,189	160.44%
Family Service Center - DSS Counseling	2,202	3,346	(1,144)	-34.19%
<b>Total Expenses</b>	<b>5,007,039</b>	<b>4,305,555</b>	<b>701,484</b>	<b>16.29%</b>
<b>Change in Net Position</b>	<b>\$ (43,273)</b>	<b>\$ (33,049)</b>	<b>\$ (10,224)</b>	<b>30.94%</b>

### Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

Current year's revenue increased by \$691,260 over the prior year primarily due to cost-of-living increases in County contracts. The current year's expenses increased \$701,485 due primarily to annualized cost of salary improvements that took effect on December 26, 2014, increased staffing in the two outpatient drug treatment programs, and facilities improvements.

# COMMUNITY HUMAN SERVICES

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### Capital Assets and Debt Administration

#### Capital Assets

As of June 30, 2016, the Agency had \$2,713,950 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease, including additions, deductions and depreciation, of -2.74% or \$76,520 from the prior year.

	<u>2016</u>	<u>2015</u>	<u>Changes</u>	<u>% Changes</u>
Capital assets, not being depreciated - land	<u>\$ 486,495</u>	<u>\$ 486,495</u>	<u>\$ -</u>	<u>0.00%</u>
Capital assets, being depreciated				
Buildings and improvements	3,299,863	3,297,564	2,299	0.07%
Office equipment	302,670	302,670	-	0.00%
Transportation equipment	199,655	199,655	-	0.00%
Furniture and fixtures	184,687	149,755	34,932	23.33%
Leasehold improvements	132,218	128,523	3,695	2.87%
Operating and other equipment	<u>80,188</u>	<u>79,227</u>	<u>961</u>	<u>1.21%</u>
Total capital assets, being depreciated	<u>4,199,281</u>	<u>4,157,394</u>	<u>41,887</u>	<u>1.01%</u>
Less accumulated depreciation	<u>1,971,826</u>	<u>1,853,419</u>	<u>118,407</u>	<u>6.39%</u>
Total capital assets, being depreciated - net	<u>2,227,455</u>	<u>2,303,975</u>	<u>(76,520)</u>	<u>-3.32%</u>
<b>Capital Assets - Net</b>	<b><u>\$ 2,713,950</u></b>	<b><u>\$ 2,790,470</u></b>	<b><u>\$ (76,520)</u></b>	<b><u>-2.74%</u></b>

#### Debt Outstanding

Long-term debt obligations at June 30, 2015 and 2016 consist of the following:

	<u>2016</u>	<u>2015</u>	<u>Changes</u>	<u>% Changes</u>
Note payable to Rabobank				
Collateralized by Sonoma Avenue property	\$ 1,037,458	\$ 1,062,284	\$ (24,826)	-2.34%
Less current portion	<u>26,214</u>	<u>24,823</u>	<u>1,391</u>	<u>5.60%</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 1,011,244</u></b>	<b><u>\$ 1,037,461</u></b>	<b><u>\$ (26,217)</u></b>	<b><u>-2.53%</u></b>

Net decrease of \$24,826 is a result of principal payments during the year.

# **COMMUNITY HUMAN SERVICES**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016**

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### **FACTORS AFFECTING FUTURE PERIODS**

Significant factors affecting the Agency are as follows:

With Monterey County's Drug Medi-Cal Waiver application pending approval by the State, the Agency is working with the County to establish new rates for Medi-Cal reimbursement for Genesis House's residential drug treatment and Outpatient Treatment Centers' outpatient drug treatment. Coinciding with the waiver, drug treatment services will be required to conform to assessment and treatment standards outlined in ASAM (American Society of Addiction Medicine) criteria. As such, the Agency plans to add service enhancements such as mental health therapy and a quality assurance function to meet these criteria. The Agency also successfully received Medi-Cal certification for Genesis House, as residential treatment will become eligible for Medi-Cal reimbursement. The Agency is working on getting Medi-Cal certified at Elm House and plans to establish a women's residential drug treatment program there. Finally, the Agency opened a winter warming shelter for homeless youth ages 18 – 24 this year and plans to convert it to a year-round shelter.

### **REQUESTS FOR INFORMATION**

The financial report has been designed to provide a general overview of the Agency's accounting for anyone interested in its finances. Questions concerning any of the information should be addressed to the attention of the Chief Financial Officer, Community Human Services, PO Box 3076, Monterey, CA 93942.

**COMMUNITY HUMAN SERVICES**

**STATEMENT OF NET POSITION - ENTERPRISE FUNDS  
JUNE 30, 2016**

	<u>Operating Fund</u>	<u>Prevention and Treatment of Substance Abuse Program</u>	<u>Narcotic Treatment Program</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 284,434	\$ -	\$ -
Grants receivable	40,000	103,374	135,259
Prepaid expenses	78,013	-	-
Marketable securities	233,318	-	-
Due from other funds	2,923,218	30,760	813,603
Total Current Assets	<u>3,558,983</u>	<u>134,134</u>	<u>948,862</u>
Noncurrent Assets			
Capital assets not depreciated	-	291,656	-
Capital assets, net of accumulated depreciation	13,499	1,696,405	8,539
Total Noncurrent Assets	<u>13,499</u>	<u>1,988,061</u>	<u>8,539</u>
Total Assets	<u>3,572,482</u>	<u>2,122,195</u>	<u>957,401</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	57,098	-	-
Accrued vacation payable	92,338	-	-
Accrued retirement payable	20,386	-	-
Unearned revenue	143,837	-	-
Due to other funds	-	1,764,722	77,074
Long-term obligations:			
Current portion of long-term debt	-	26,214	-
Total Current Liabilities	<u>313,659</u>	<u>1,790,936</u>	<u>77,074</u>
Noncurrent Liabilities			
Noncurrent portion of long-term debt	-	1,011,244	-
Total Liabilities	<u>313,659</u>	<u>2,802,180</u>	<u>77,074</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,499	950,603	8,539
Restricted	-	-	948,862
Unrestricted	3,245,324	(1,630,588)	(77,074)
Total Net Position	<u>\$ 3,258,823</u>	<u>\$ (679,985)</u>	<u>\$ 880,327</u>

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



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<b>Counseling Services</b>	<b>Other Non-Major Funds</b>	<b>Total</b>
\$ -	\$ -	\$ 284,434
147,510	19,029	445,172
-	-	78,013
-	-	233,318
18,995	44,781	3,831,357
<u>166,505</u>	<u>63,810</u>	<u>4,872,294</u>
65,515	129,324	486,495
242,590	266,422	2,227,455
<u>308,105</u>	<u>395,746</u>	<u>2,713,950</u>
<u>474,610</u>	<u>459,556</u>	<u>7,586,244</u>
-	-	57,098
-	-	92,338
-	-	20,386
-	-	143,837
1,347,400	642,161	3,831,357
-	-	26,214
<u>1,347,400</u>	<u>642,161</u>	<u>4,171,230</u>
-	-	1,011,244
<u>1,347,400</u>	<u>642,161</u>	<u>5,182,474</u>
308,105	395,746	1,676,492
-	11,041	959,903
(1,180,895)	(589,392)	(232,625)
<u>\$ (872,790)</u>	<u>\$ (182,605)</u>	<u>\$ 2,403,770</u>

**COMMUNITY HUMAN SERVICES**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Operating Fund</b>	<b>Prevention and Treatment of Substance Abuse Program</b>	<b>Narcotic Treatment Program</b>
<b>OPERATING REVENUES</b>			
Grants	\$ -	\$ 1,294,849	\$ 1,152,680
Charges and fees	-	216,274	111,274
Total Operating Revenues	<u>-</u>	<u>1,511,123</u>	<u>1,263,954</u>
<b>OPERATING EXPENSES</b>			
Salaries	481,390	759,438	396,727
Employee benefits	153,595	247,275	128,632
Facilities rental	48,870	44,103	61,188
Professional fees	48,252	41,113	55,710
Utilities and maintenance	78,760	124,874	33,657
Operating supplies	18,599	27,012	23,767
Medical supplies and laboratory fees	-	3,332	54,813
Food	1,628	86,422	1,067
Insurance	5,793	17,949	5,312
Auto and travel	3,446	11,174	1,169
Telephone	11,072	15,703	9,918
Conferences and meetings	14,038	3,941	2,446
Advertising	11,306	4,676	1,938
Equipment rental	8,366	14,316	6,807
Miscellaneous	1,285	23	5
Dues	3,617	13,804	28,324
Client costs	-	2,508	-
Printing and publications	1,944	208	187
Depreciation	5,269	67,808	5,254
Total Operating Expenses	<u>897,230</u>	<u>1,485,679</u>	<u>816,921</u>
Operating Income (Loss)	<u>(897,230)</u>	<u>25,444</u>	<u>447,033</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Joint Powers Agency support	129,271	-	-
United Way funding	1,785	-	-
Contributions	91,430	17,339	2,870
Miscellaneous income	3,043	-	-
Interest expense	(406)	(51,576)	(20)
Total Nonoperating Revenues (Expense)	<u>225,123</u>	<u>(34,237)</u>	<u>2,850</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(672,107)</u>	<u>(8,793)</u>	<u>449,883</u>
Transfers from (To) other funds	897,566	(333,448)	(178,688)
<b>CHANGES IN NET POSITION</b>	<u>225,459</u>	<u>(342,241)</u>	<u>271,195</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>3,033,364</u>	<u>(337,744)</u>	<u>609,132</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,258,823</u>	<u>\$ (679,985)</u>	<u>\$ 880,327</u>

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

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<b>Counseling Services</b>	<b>Other Non-Major Funds</b>	<b>Total</b>
\$ 1,185,260	\$ 493,823	\$ 4,126,612
6,683	107,415	441,646
<u>1,191,943</u>	<u>601,238</u>	<u>4,568,258</u>
684,405	433,396	2,755,356
189,891	89,331	808,724
33,101	6,040	193,302
16,351	23,344	184,770
24,606	40,100	301,997
30,415	23,029	122,822
-	983	59,128
284	10,876	100,277
12,090	8,473	49,617
7,647	3,530	26,966
12,156	15,844	64,693
1,520	1,552	23,497
10,357	7,641	35,918
3,768	2,385	35,642
79	361	1,753
2,079	12,871	60,695
-	6,353	8,861
170	103	2,612
16,703	23,373	118,407
<u>1,045,622</u>	<u>709,585</u>	<u>4,955,037</u>
<u>146,321</u>	<u>(108,347)</u>	<u>(386,779)</u>
-	-	129,271
-	-	1,785
45,100	104,774	261,513
(104)	-	2,939
-	-	(52,002)
<u>44,996</u>	<u>104,774</u>	<u>343,506</u>
191,317	(3,573)	(43,273)
(228,764)	(156,666)	-
(37,447)	(160,239)	(43,273)
(835,343)	(22,366)	2,447,043
<u>\$ (872,790)</u>	<u>\$ (182,605)</u>	<u>\$ 2,403,770</u>

**COMMUNITY HUMAN SERVICES**

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS (DIRECT METHOD)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Operating Fund</b>	<b>Prevention and Treatment of Substance Abuse Program</b>	<b>Narcotic Treatment Program</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from clients	\$ -	\$ 216,274	\$ 111,274
Cash receipts from government agencies	-	1,319,253	1,214,439
Cash payments to suppliers and employees	(1,025,634)	(1,485,679)	(816,921)
Operating transfers	5,269	67,808	5,254
Net Cash Provided by (Used for) Operating Activities	<u>(1,020,365)</u>	<u>117,656</u>	<u>514,046</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on debt	(407)	(51,576)	(20)
Principal payments on long-term debt	-	(24,826)	-
Cash payments for acquisition of capital assets	-	(33,956)	(3,695)
Net Cash Used For Capital and Related Financing Activities	<u>(407)</u>	<u>(110,358)</u>	<u>(3,715)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	2,215	-	-
Investment earnings reinvested	(1,036)	-	-
Net Cash Provided by Investing Activities	<u>1,179</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Joint Powers Agency Support	129,271	-	-
United Way funding	1,785	-	-
Contributions	195,267	17,339	2,870
Miscellaneous income	828	-	-
Due to (from) other funds	897,566	(333,448)	(178,688)
Transfers to (from) other funds	(104,148)	308,811	(334,513)
Net Cash Provided by (Used for) Non Capital Financing Activities	<u>1,120,569</u>	<u>(7,298)</u>	<u>(510,331)</u>
Net Increase in Cash and Cash Equivalents	100,976	-	-
Cash and Cash Equivalents - Beginning of year	183,458	-	-
Cash and Cash Equivalents - Ending of year	<u>\$ 284,434</u>	<u>\$ -</u>	<u>\$ -</u>

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

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<b>Counseling Services</b>	<b>Other Non-Major Funds</b>	<b>Total</b>
\$ 6,683	\$ 107,385	\$ 441,616
1,207,934	503,144	4,244,770
(1,045,622)	(709,585)	(5,083,441)
16,703	23,373	118,407
<u>185,698</u>	<u>(75,683)</u>	<u>(278,648)</u>
-	-	(52,003)
-	-	(24,826)
-	(4,235)	(41,886)
<u>-</u>	<u>(4,235)</u>	<u>(118,715)</u>
-	-	2,215
-	-	(1,036)
<u>-</u>	<u>-</u>	<u>1,179</u>
-	-	129,271
-	-	1,785
45,100	104,774	365,350
(104)	30	754
(228,764)	(156,666)	-
(1,930)	131,780	-
<u>(185,698)</u>	<u>79,918</u>	<u>497,160</u>
-	-	100,976
-	-	183,458
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,434</u>

**COMMUNITY HUMAN SERVICES**

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS (INDIRECT METHOD)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Operating Fund</u>	<u>Prevention and Treatment of Substance Abuse Program</u>	<u>Narcotic Treatment Program</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (897,230)	\$ 25,444	\$ 447,033
Adjustments to reconcile operating income to net cash used by operating activities:			
Depreciation and amortization	5,269	63,184	5,254
(Increase) decrease in:			
Grants receivable	-	24,404	61,759
Prepaid expenses	(11,975)	-	-
Increase (decrease) in:			
Accounts payable	(124,206)	-	-
Accrued vacation payable	6,624	-	-
Accrued retirement payable	1,153	-	-
Total adjustments	<u>(123,135)</u>	<u>92,212</u>	<u>67,013</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,020,365)</u>	<u>\$ 117,656</u>	<u>\$ 514,046</u>

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

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<b>Counseling Services</b>	<b>Other Non-Major Funds</b>	<b>Total</b>
\$ 146,321	\$ (108,377)	\$ (386,809)
21,327	23,373	118,407
22,674	9,321	118,158
-	-	(11,975)
-	-	(124,206)
-	-	6,624
-	-	1,153
<u>39,377</u>	<u>32,694</u>	<u>108,161</u>
<u>\$ 185,698</u>	<u>\$ (75,683)</u>	<u>\$ (278,648)</u>

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Description

Community Human Services (the Agency) is both a California not-for-profit corporation exempt from taxation under Internal Revenue Service Code Section 501(c)(3) and a Joint Powers Agency. The Board of Directors is made up of representatives from local governmental entities comprising the Joint Powers Agency.

The Agency, through contracts with government agencies, private grants and donations, and client charges and fees, provides a variety of services including outpatient counseling and therapy for people with drug or alcohol problems, an in-house recovery center for addicted persons, and other counseling and educational programs.

#### Reporting Entity

The financial statements of the Agency are prepared in accordance with accounting principles generally accepted in the United States of America and in compliance with requirements set by the Government Accounting Standards Board (GASB), include funds that are controlled by or dependent on the Agency. Control or dependence is determined on the basis of budget adoption, designation of management, and ability to significantly influence operations. All known activities of the Agency have been included in these financial statements. There are no known potential component units that have been excluded.

#### Basis of Accounting and Financial Statement Presentation

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise funds are service charges to clients, and grants and contract fees from other government agencies. Operating expenses for enterprise funds include the cost of operating the primary activities of funds, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The financial statements are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.



# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Description of Funds

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenses. Resources are allocated to and accounted for in proprietary funds based upon the purposes for which spending activities are controlled.

### Major Funds

**Operating Fund** The Fund is the chief operating fund for the Agency. It is used to account for the ordinary operations of the Agency. All transactions except those accounted for in another fund are accounted for in this fund.

**Prevention and Treatment of Substance Abuse Program** The Fund is used to account separately for residential and outpatient drug treatment and recovery options. These services include Genesis House Perinatal Program, Genesis House Co-Ed Program, Elm House sober living environment, Outpatient Treatment Centers and the DAISY substance abuse program for youth.

**Narcotic Treatment Program** The Fund is used to account separately for substance abuse counseling and methadone maintenance and detoxification services at Off Main Clinic.

**Counseling Services** The Fund is used to account separately for services and education provided to individuals and families. These services include the Parent Education Program, Family to Family, Pathways to Safety and outpatient mental health counseling at the Family Service Centers.

### Non-Major Funds

**Basic Center Program** The Fund is used to account for the Basic Center Program at Safe Place, which provides runaway and homeless youth with individual and group counseling, family counseling, family reunification or alternate placement, temporary shelter, substance abuse education and aftercare services.

**Street Outreach Program** The Fund is used to account for the Street Outreach Program at Safe Place, which provides runaway and homeless youth with street outreach, informal counseling, education about sexual and personal safety, survival aid such as food, clothing and personal care products and information and referral to other services.

**Safe Passage Program** The Fund is used to account for transitional housing and supportive services for homeless youth ages 18 – 21. Services include counseling, case management, life skills education and linkages to education, employment and permanent housing.

**SuperKids/SuperTeens Program** The Fund is used to account for school-based counseling programs for youth in participating middle and high schools.

**Supervised Visitation and Exchange Program** The Fund is used to account for monitored visits between children and their non-custodial parents in a safe, family-like environment.

**Domestic Violence/Anger Management Program** The Fund is used to account for Probation-certified psycho-educational counseling groups for domestic violence offenders and those seeking assistance with anger issues.

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### Receivables

Receivables from grantor agencies are recorded when the revenues are earned under the accrual method of accounting and accounted for using the allowance method. At year-end the allowance for doubtful accounts is zero as all receivables are expected to be collectible.

### Prepaid Expenses

Prepaid amounts have been allocated to expense pro-rata in the periods in which the benefits were received.

### Investments

Marketable debt and equity securities are stated at fair market value. Increases or decreases in market value are recognized in the period in which they occur. Certificates of deposit with an original maturity of greater than 90 days are classified as investments.

### Capital Assets

Purchased capital assets are presented at cost. Donated assets are presented at fair market value as of the date of donation.

### Depreciation

Depreciation is computed using the straight-line method based on the estimated useful life of the assets as follows:

Buildings and improvements	3-35	Years
Office equipment	3-10	Years
Furniture and fixtures	3-5	Years
Operating and other equipment	3-8	Years
Leasehold improvements	4-5	Years
Transportation equipment	5	Years

### Interfund Balances

On the Statement of Net Position, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds".

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Grants and Fees

Except for grants from Joint Powers Agency members, all government grants and fees are applicable to specific programs and are considered restricted funds. Program service expenses that apply to these same specific programs are considered restricted. All expenses for administration and fund raising are treated separately and considered unrestricted. (For grant reimbursement purposes, administrative expenses are in fact reimbursable under allocation formulas contained in each contract. However, for financial statement purposes, no such allocation is made).

### Accrued Compensated Absences

Vacation compensation earned is recorded as an expense and liability each month. Paid vacation for the month is recorded against the liability.

### Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

### Net Position

Net position represents the difference between assets and liabilities and are classified into the following net asset categories:

- **Net investment in Capital Assets** – Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.
- **Restricted** – Restricted components of net position are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.
- **Unrestricted** – Unrestricted components of net position consist of amounts that do not meet the definition of “net investment in capital assets” or “restricted”.

### Subsequent Events

The Agency's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through October 10, 2016, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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### Income Taxes

The Agency is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies, however, the Agency is not aware of any such actions at this time.

### NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2016, consist of the following:

Checking and Savings	\$ 284,434
Investments - Marketable Securities	233,318
Total Deposits and Investments	<u>\$ 517,752</u>

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits might not be recovered. The Agency does not have a deposit policy for custodial credit risk. As of June 30, 2016, the total carrying amount was \$284,434 with a corresponding bank balance of \$334,607. The Agency's bank balance of \$84,607 was exposed to custodial credit risk.

#### Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that an entity will not be able to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The Agency does not have an investment policy for custodial credit risk.

As of June 30, 2016, the Agency has investment balances of \$233,318 that are insured or registered or securities held by the entity, therefore, were not exposed to custodial credit risk.

#### Concentration of Credit Risk

There is a concentration of credit risk when the amount of investment in any one entity is at least 5% of total investments except investments held in the U.S. Government or investments guaranteed by the U.S. Government. As of June 30, 2016, the Agency holds its 54% investment in Fidelity mutual funds and 46% in Community Human Services Stewardship Fund.

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### NOTE 3 – FAIR VALUE MEASUREMENTS

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the Agency has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Agency's own data. The Agency should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Agency are not available to other market participants.

The Agency's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1	Level 2	Level 3	
Fidelity Mutual Funds	\$ 125,834	\$ 125,834	\$ -	\$ -	\$ -
Community Foundation for Monterey County	107,484	-	-	-	107,484
Total	<u>\$ 233,318</u>	<u>\$ 125,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,484</u>

All assets have been valued using a market approach, with quoted market prices.

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 4 – GRANTS RECEIVABLE

Grants receivable are amounts due to the Agency at the end of each fiscal year from governmental entities. Payments for grants receivable as of June 30 will be contingent upon final approval by the funding agencies after their review of year-end cost reports.

Grants receivable at June 30, 2016 consist of the following:

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program	Counseling Services	Other Non- Major Funds	Total
General operating	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
DAISY Program	-	14,451	-	-	-	14,451
Family to Family Program	-	-	-	26,837	-	26,837
Genesis House Co-Ed and Perinatal Programs	-	81,141	-	-	-	81,141
Mental Health Services Act Programs	-	-	-	43,277	-	43,277
Off Main Clinic Methadone Program	-	-	135,259	-	-	135,259
Outpatient Drug Free	-	7,782	-	-	-	7,782
Outpatient Mental Health Program	-	-	-	46,979	-	46,979
Pathways to Safety Program	-	-	-	30,417	-	30,417
Safe Passage Program	-	-	-	-	15,286	15,286
Runaway Street Program	-	-	-	-	2,600	2,600
SuperKids contract	-	-	-	-	1,143	1,143
Total	<u>\$ 40,000</u>	<u>\$ 103,374</u>	<u>\$ 135,259</u>	<u>\$ 147,510</u>	<u>\$ 19,029</u>	<u>\$ 445,172</u>

**COMMUNITY HUMAN SERVICES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**NOTE 5 – CAPITAL ASSETS**

Capital assets at June 30, 2016 were summarized as follows:

	Balance <u>July 1, 2015</u>	<u>Additions</u>	Balance <u>June 30, 2016</u>
Capital Assets Not Being Depreciated:			
Land	\$ 486,495	\$ -	\$ 486,495
Capital Assets Being Depreciated:			
Buildings and improvements	3,297,564	2,299	3,299,863
Office equipment	302,670	-	302,670
Transportation equipment	199,655	-	199,655
Furniture and fixtures	149,755	34,932	184,687
Leasehold improvements	128,523	3,695	132,218
Operating and other equipment	79,227	961	80,188
Subtotal	<u>4,157,394</u>	<u>41,887</u>	<u>4,199,281</u>
Less Accumulated Depreciation	<u>1,853,419</u>	<u>118,407</u>	<u>1,971,826</u>
Total Capital Assets, Being Depreciated	<u>2,303,975</u>	<u>(76,520)</u>	<u>2,227,455</u>
Capital Assets - Net	<u>\$ 2,790,470</u>	<u>\$ (76,520)</u>	<u>\$ 2,713,950</u>

Depreciation expense was charged as an operating expense to each funds as follows:

Operating Fund	\$ 5,269
Prevention and Treatment of Substance Abuse Program	63,184
Narcotic Treatment Program	5,254
Counseling Services	21,327
Other Non-Major Funds	23,373
Total Depreciation Expense	<u>\$ 118,407</u>

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 6 – NOTES PAYABLE

Notes payable at June 30, 2016 consist of the following:

The Agency has note payable to Rabobank for the Sonoma Street property (Genesis House), interest at 4.85% per annum, due in monthly installments of \$6,387, including interest through 2024 at which time all outstanding principal and interest are due and payable.

\$ 1,037,458

Less current portion

26,214

Total Noncurrent Portion of Notes Payable

\$ 1,011,244

Total interest charged to expense during the year ended June 30, 2016 amounted to \$51,576.

Long-term debt repayments for years ending June 30 are approximately as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 26,214	\$ 50,433
2018	27,533	49,115
2019	28,918	47,730
2020	30,245	46,403
2021	31,893	44,754
2022-2026	892,655	98,084
Total	<u>\$ 1,037,458</u>	<u>\$ 336,519</u>



# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 7 – COMMITMENTS AND CONTINGENCIES

#### Grants

The Agency received financial assistance from Federal and other government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

#### Litigation

The Agency is involved in litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Agency at June 30, 2016.

#### Operating Leases

During the fiscal year ended June 30, 2016 the Agency leased buildings for its Outpatient Drug Treatment Programs, Off Main Clinic Methadone Program and Family Service Center-Salinas counseling office as well as its Administrative office.

The minimum future net lease commitments for the year ending June 30 are approximately as follows:

Year Ending June 30,	Lease Payment
2017	\$ 211,981
2018	215,553
2019	219,930
2020	177,303
2021	101,137
2022-2024	6,787
Total	<u>\$ 932,691</u>

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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### **NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN**

In lieu of Social Security, the Agency maintains a contributory defined contribution pension plan for its employees. During the current year, the agency contributed 5% of gross wages for eligible employees (those who work at least 30 hours per week on a permanent basis) for every month of the year. Eligible employees must also contribute a minimum of 2.5% of their gross pay, but may contribute up to \$17,500 for 2015, with an additional \$5,500 if age 50 or older. Ineligible employees must contribute 7.5% of their gross pay.

The Agency contracts with the Nationwide Trust Company to purchase a group annuity contract which is individually allocated. Under this contract, a provision is made for the accumulation of contract values for the Agency to provide fixed annuity accumulation and benefits to the individual participants.

Actual annuity payments commencing on retirement may be on a variable basis or on a fixed basis as determined by each individual contract owner. The amount available in each participant's account at the time of his or her retirement is the total of the amounts contributed by both the employer and employee, plus returns on the investments of those contributions.

The Agency's contribution to the plan amounted to \$130,962 for the year ended June 30, 2016, and equal to 100% of the required contribution. Total payroll was \$2,755,356 and covered payroll was \$2,294,761.

### **NOTE 9 – JOINT POWERS AGENCY MEMBERS**

The Agency's Board of Directors is made up of representatives from the following agencies:

City of Carmel	City of Del Rey Oaks
City of Marina	City of Monterey
City of Pacific Grove	City of Salinas
City of Seaside	City of Sand City
Carmel Unified School District	Pacific Grove Unified School District
Monterey County Office of Education	Monterey Peninsula Community College District
Monterey Peninsula Unified School District	North Monterey County Unified School District
Santa Rita Union School District	

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***SUPPLEMENTARY INFORMATION***

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**COMMUNITY HUMAN SERVICES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (USHHS)</b>			
Passed through:			
County of Monterey, California			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A-11498	
Residential Program			\$ 438,264
Perinatal Program			95,913
Outpatient Drug Free - Individual Program			30,252
Outpatient Drug Free - Group Program			51,593
Youth Treatment Program			38,637
Total Prevention and Treatment Clusters			<u>654,659</u>
Adoption Assistance	93.659	[1]	26,616
Foster Care Title/V-E First Five/Stuart Grant	93.658	[1]	53,915
Promoting Safe and Stable Families	93.556	[1]	18,000
Community Services Block Grant	93.569	[1]	27,843
Direct Program:			
Administration for Children, Youth and Families - Runaway and Homeless Youth	93.623	9OCY258001	183,715
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	9OYO005503	96,348
Total USHHS			<u>1,061,096</u>
<b>U.S. HOUSING AND URBAN DEVELOPMENT (USHUD)</b>			
Direct Program:			
Supportive Housing Program			
Transitional Housing	14.235	[1]	125,753
Pass Through:			
Cities of Salinas, Seaside and Monterey, California			
Community Development Block Grant	14.218	[1]	34,783
Total USHUD			<u>160,536</u>
Total Expenditures of Federal Awards			<u>\$ 1,221,632</u>

[1] Pass-Through Entity Identifying Number not available

See accompanying note to supplementary information.

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# COMMUNITY HUMAN SERVICES

## COMBINING SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES FOR THE YEAR ENDED JUNE 30, 2016

	Counseling Services					
	General	MHSA Parent Education	Family to Family	Outpatient Mental Health Counseling	MHSA HIV/AIDS Counseling	MHSA GLBT Counseling
<b>REVENUES</b>						
Grants	\$ -	\$ 192,648	\$ 181,486	\$ 581,944	\$ 4,684	\$ 56,723
Charges and fees	-	92	-	-	-	-
Joint Powers Agency	129,271	-	-	-	-	-
United Way funding	1,785	-	-	-	-	-
Contributions	91,430	-	100	45,000	-	-
Other local sources	3,043	-	-	(104)	-	-
Total Revenues	<u>225,529</u>	<u>192,740</u>	<u>181,586</u>	<u>626,840</u>	<u>4,684</u>	<u>56,723</u>
<b>EXPENSES</b>						
Salaries	481,390	86,078	97,630	385,194	2,576	9,541
Employee benefits	153,595	25,049	23,968	111,694	692	2,496
Facilities rental	48,870	1,532	6,145	20,451	-	-
Professional fees	48,252	15,041	66	1,150	-	-
Utilities and maintenance	78,760	1,711	2,911	15,491	7	7
Operating supplies	18,599	11,071	8,687	4,928	41	127
Medical supplies and laboratory fees	-	-	-	-	-	-
Food	1,628	49	25	176	1	11
Insurance	5,793	1,004	1,522	7,115	271	644
Auto and travel	3,446	1,024	2,533	2,849	42	42
Telephone	11,072	1,621	2,846	5,418	11	11
Conferences and meetings	14,038	95	439	681	24	56
Advertising	11,306	2,357	874	3,314	-	-
Equipment rental	8,366	131	377	2,655	5	5
Miscellaneous	1,285	-	-	-	-	-
Dues	3,617	82	763	965	-	-
Client costs	-	-	-	-	-	-
Printing and publications	1,944	10	13	120	-	-
Interest - Net	406	-	-	-	-	-
Total Before Depreciation	892,367	146,855	148,799	562,201	3,670	12,940
Depreciation	5,269	-	-	16,703	-	-
Total Expenses	<u>897,636</u>	<u>146,855</u>	<u>148,799</u>	<u>578,904</u>	<u>3,670</u>	<u>12,940</u>
Net income before distribution	(672,107)	45,885	32,787	47,936	1,014	43,783
Management distribution	897,566	(32,181)	(33,275)	(125,583)	(816)	(2,211)
<b>NET INCOME (LOSS)</b>	<u>\$ 225,459</u>	<u>\$ 13,704</u>	<u>\$ (488)</u>	<u>\$ (77,647)</u>	<u>\$ 198</u>	<u>\$ 41,572</u>

See accompanying note to supplementary information.

Counseling Services			Prevention and Treatment of Substance Abuse				
FSC-DSS Counseling	Pathways to Safety	Self Referral Program	Genesis House Perinatal Residential	Outpatient Drug Treatment	Genesis House Residential	Elm House	DAISY Program
\$ -	\$ 139,932	\$ 27,843	\$ 428,228	\$ 81,846	\$ 569,915	\$ -	\$ 214,860
-	-	6,591	21,882	7,605	154,661	32,126	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	804	-	13,245	3,290	-
-	-	-	-	-	-	-	-
-	139,932	34,434	450,914	89,451	737,821	35,416	214,860
62	92,458	10,866	133,708	157,573	299,395	8,054	160,708
18	23,203	2,771	44,906	62,749	98,658	3,756	37,206
1,015	364	3,594	575	42,060	1,167	93	208
10	47	37	6,762	20,540	13,524	-	287
492	1,702	2,285	35,412	6,700	66,474	15,326	962
137	4,677	747	4,574	9,129	9,578	892	2,839
-	-	-	796	1,195	1,316	25	-
2	1	19	27,710	384	56,425	693	1,210
37	1,149	348	4,472	2,206	9,383	874	1,014
13	806	338	3,037	671	5,698	865	903
229	1,305	715	1,994	3,422	4,146	3,011	3,130
3	113	109	888	948	1,938	67	100
34	101	3,677	512	1,993	1,130	722	319
86	37	472	4,492	619	9,141	41	23
-	-	79	16	-	7	-	-
61	-	208	4,551	-	9,253	-	-
-	-	-	498	-	2,010	-	-
3	2	22	22	32	45	-	109
-	-	-	17,020	-	34,556	-	-
2,202	125,965	26,287	291,945	310,221	623,844	34,419	209,018
-	-	-	357	4,624	45,513	17,314	-
2,202	125,965	26,287	292,302	314,845	669,357	51,733	209,018
(2,202)	13,967	8,147	158,612	(225,394)	68,464	(16,317)	5,842
(485)	(27,808)	(6,405)	(66,941)	(67,914)	(141,353)	(11,267)	(45,973)
\$ (2,687)	\$ (13,841)	\$ 1,742	\$ 91,671	\$ (293,308)	\$ (72,889)	\$ (27,584)	\$ (40,131)

**COMMUNITY HUMAN SERVICES**

**COMBINING SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Off Main Clinic Methadone Program	Runaway Basic Center	SuperKids/ SuperTeens	Supervised Visitation	Domestic Violence	Runaway Street Outreach
<b>REVENUES</b>						
Grants	\$ 1,152,680	\$ 188,715	\$ 51,807	\$ -	\$ -	\$ 127,548
Charges and fees	111,274	-	-	53,595	48,988	-
Joint Powers Agency	-	-	-	-	-	-
United Way funding	-	-	-	-	-	-
Contributions	2,870	38,849	-	10,000	-	38,239
Other local sources	-	-	-	-	-	-
Total Revenues	<u>1,266,824</u>	<u>227,564</u>	<u>51,807</u>	<u>63,595</u>	<u>48,988</u>	<u>165,787</u>
<b>EXPENSES</b>						
Salaries	396,727	127,726	34,583	28,210	28,380	108,440
Employee benefits	128,632	26,826	5,901	2,460	2,101	30,937
Facilities rental	61,188	72	-	3,666	2,152	72
Professional fees	55,710	23,094	-	135	32	83
Utilities and maintenance	33,657	5,868	6	2,702	1,666	5,667
Operating supplies	23,767	5,988	41	1,406	1,051	3,938
Medical supplies and laboratory fees	54,813	-	-	-	-	-
Food	1,067	6,011	1	17	9	733
Insurance	5,312	2,489	143	710	721	2,488
Auto and travel	1,169	593	175	210	127	1,324
Telephone	9,918	5,236	11	1,100	980	5,488
Conferences and meetings	2,446	668	12	65	231	415
Advertising	1,938	858	-	2,015	2,028	1,365
Equipment rental	6,807	724	14	475	264	727
Miscellaneous	5	52	-	113	66	25
Dues	28,324	4,988	-	208	359	2,804
Client costs	-	238	-	-	-	4,916
Printing and publications	187	70	2	20	11	-
Interest - Net	20	-	-	-	-	-
Total Before Depreciation	<u>811,687</u>	<u>211,501</u>	<u>40,889</u>	<u>43,512</u>	<u>40,178</u>	<u>169,422</u>
Depreciation	5,254	11,556	-	-	-	-
Total Expenses	<u>816,941</u>	<u>223,057</u>	<u>40,889</u>	<u>43,512</u>	<u>40,178</u>	<u>169,422</u>
Net income before distribution	449,883	4,507	10,918	20,083	8,810	(3,635)
Management distribution	(178,688)	(47,668)	(8,916)	(10,895)	(8,839)	(38,592)
<b>NET INCOME (LOSS)</b>	<u>\$ 271,195</u>	<u>\$ (43,161)</u>	<u>\$ 2,002</u>	<u>\$ 9,188</u>	<u>\$ (29)</u>	<u>\$ (42,227)</u>

See accompanying note to supplementary information.



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<b>Safe Passage</b>	<b>Total</b>
\$ 125,753	\$ 4,126,612
4,832	441,646
-	129,271
-	1,785
17,686	261,513
-	2,939
<u>148,271</u>	<u>4,963,766</u>
106,057	2,755,356
21,106	808,724
78	193,302
-	184,770
24,191	301,997
10,605	122,822
983	59,128
4,105	100,277
1,922	49,617
1,101	26,966
3,029	64,693
161	23,497
1,375	35,918
181	35,642
105	1,753
4,512	60,695
1,199	8,861
-	2,612
-	52,002
<u>180,710</u>	<u>4,888,632</u>
<u>11,817</u>	<u>118,407</u>
<u>192,527</u>	<u>5,007,039</u>
(44,256)	(43,273)
(41,756)	-
<u>\$ (86,012)</u>	<u>\$ (43,273)</u>

# COMMUNITY HUMAN SERVICES

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

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### NOTE 1 - PURPOSE OF SCHEDULES

#### **Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Agency and is presented on the modified 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 financial statements. The Agency has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

#### **Schedule of Functional Revenues and Expenses**

This schedule provides the Agency the comparison of revenues and expenses by each program function.

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***INDEPENDENT AUDITOR'S REPORTS***

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

Board of Directors  
Community Human Services  
Monterey, California

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 each major fund and the aggregate remaining fund information of Community Human Services (a Joint Powers Agency of California Local governments) (the Agency) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency'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 Agency'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 Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Davsinek, Trine, Day & Co., LLP".

Palo Alto, California  
October 10, 2016



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

Board of Directors  
Community Human Services  
Monterey, California

**Report on Compliance for Each Major Federal Program**

We have audited Community Human Services' 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 Community Human Services' (the Agency) major Federal programs for the year ended June 30, 2016. The Agency'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 federal statutes, regulations, contracts, and the terms and conditions of its Federal awards applicable to its Federal programs.

***Auditor's Responsibility***

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

### ***Opinion on Each Major Federal Program***

In our opinion, Community Human Services 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, 2016.

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

Management of Community Human Services 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 Community Human Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Human Services' internal control over compliance.

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

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

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



Palo Alto, California  
October 10, 2016



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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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# COMMUNITY HUMAN SERVICES

## SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2016

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### FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

### FEDERAL AWARDS

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

#### Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>93.959</u>	<u>Block Grant for Prevention and Treatment of Substance Abuse</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**COMMUNITY HUMAN SERVICES**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported

**COMMUNITY HUMAN SERVICES**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported

**COMMUNITY HUMAN SERVICES**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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There were no audit findings reported in the prior year's schedule of financial statement findings.