

**COMMUNITY HUMAN SERVICES**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

# COMMUNITY HUMAN SERVICES

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# COMMUNITY HUMAN SERVICES

## BOARD OF DIRECTORS

JUNE 30, 2015

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<u>Agencies</u>	<u>Primarys</u>	<u>Alternates</u>
City of Carmel	Deborah Smith	Paul Tomasi
City of Del Rey Oaks	Mike Ventimiglia	Jeff Cecilio
City of Marina	Nancy Amadeo	Gail Morton
City of Monterey	Alan Haffa	Mike Aspland
City of Pacific Grove	Alan Cohen	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	Curt Parker, Vice Chair	Alana Myles
Pacific Grove Unified School District	Vacant	Vacant
Monterey Peninsula Community College District	Loren Steck	Marilynn Gustafson
North Monterey County Unified School District	Vacant	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), (the Agency) as of and for the year ended June 30, 2015, 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 Agency'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 Agency'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 the Community Human Services, as of June 30, 2015, 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 November 2, 2015, 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.



Palo Alto, California  
November 2, 2015



## COMMUNITY HUMAN SERVICES

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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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, 2015. 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 11. Comparisons to and analysis of the prior year are incorporated where appropriate.

#### FINANCIAL HIGHLIGHTS

- The Agency's net position decreased by \$33,049 (or 1.3%) during 2015. Since the Agency engages only in business type activities, the decrease is all in the category of business-type net position. Net position was \$2,447,043 and \$2,480,092 for 2015 and 2014, respectively.
- The Agency's return on total ending net position was -1.3%.
- Total cost of all the Agency's programs was \$4,305,555 and \$3,816,531 for 2015 and 2014, 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, 2015

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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 Program Fund, the Agency provides residential drug and alcohol treatment services, affordable transitional housing and supportive services as well as education and counseling services. The Fund consists of four programs:

- Genesis House Perinatal Residential Drug Program
- Genesis House Residential Drug Program
- Elm House
- Drug and Alcohol Intervention Services for Youth (DAISY) Program

**Narcotic Treatment Program Fund** – Under the Narcotic Treatment Program Fund, the Agency operates Off Main Clinic Methadone Program. The Clinic offers a closely monitored methadone administration program under a contract with the County of Monterey. Private paying patients are also served under this program.

**Counseling Services** – Under the Counseling Services Fund, the Agency provides parent education and other counseling services. The Fund consists of seven programs:

- Family to Family (to facilitate change in the foster care system)
- Education and Counseling Services under the Mental Health Services Act
- Outpatient Mental Health Program
- Family Service Centers in Salinas and Seaside
- Self Referral Counseling Program
- Pathways to Safety
- Outpatient Drug Treatment Program

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

- Runaway Basic Center Program
- SuperKids/SuperTeens Program
- Supervised Visitation Program
- Domestic Violence Program
- Runaway Street Outreach Program
- Safe Passage

## COMMUNITY HUMAN SERVICES

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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#### 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:

	2015	2014	Changes	% Changes
<b>Assets</b>				
Current assets	\$ 4,337,838	\$ 2,742,183	\$ 1,595,655	58.19%
Capital and other assets	2,790,470	2,816,482	(26,012)	-0.92%
<b>Total Assets</b>	<b>7,128,308</b>	<b>5,558,665</b>	<b>1,569,643</b>	28.24%
<b>Liabilities</b>				
Current liabilities	3,643,804	2,020,735	1,623,069	80.32%
Long-term obligations	1,037,461	1,057,838	(20,377)	-1.93%
<b>Total Liabilities</b>	<b>4,681,265</b>	<b>3,078,573</b>	<b>1,602,692</b>	52.06%
<b>Net Position</b>				
Net investment in capital assets	1,241,691	1,734,832	(493,141)	-28.43%
Restricted	718,186	518,614	199,572	38.48%
Unrestricted	487,166	226,646	260,520	114.95%
<b>Total Net Position</b>	<b>\$ 2,447,043</b>	<b>\$ 2,480,092</b>	<b>\$ (33,049)</b>	-1.33%

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

Current year's net position decreased by \$33,049 over the prior year. The current year decrease was related primarily to the transition of Chief Financial Officers and expenses related to the development of two new outpatient drug treatment programs which did not generate revenue this fiscal year.

## COMMUNITY HUMAN SERVICES

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

#### 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:

	2015	2014	Changes	% Changes
<b>Revenues</b>				
Program revenues:				
Grants	\$ 3,343,502	\$ 3,158,684	\$ 184,818	5.85%
Charges and fees	410,423	454,667	(44,244)	-9.73%
Contributions	383,740	413,920	(30,180)	-7.29%
Joint Powers Agency support	124,075	121,975	2,100	1.72%
Other revenue	10,766	33,020	(22,254)	-67.40%
<b>Total Revenues</b>	<b>4,272,506</b>	<b>4,182,266</b>	<b>90,240</b>	<b>2.16%</b>
<b>Expenses</b>				
General	845,620	618,104	227,516	36.81%
Off Main Clinic Methadone Program	769,736	750,370	19,366	2.58%
Genesis House Residential Drug Program	636,917	632,384	4,533	0.72%
Outpatient Mental Health Program	479,715	387,415	92,300	23.82%
Genesis House Perinatal Residential Drug Program	235,285	250,689	(15,404)	-6.14%
Runaway Basic Center Program	200,459	191,044	9,415	4.93%
Family to Family	168,997	163,710	5,287	3.23%
Runaway Street Outreach Program	165,354	132,239	33,115	25.04%
Safe Passage	165,134	157,314	7,820	4.97%
Mental Health Services Act Programs	164,109	167,669	(3,560)	-2.12%
DAISY Program	110,905	102,559	8,346	8.14%
Pathways to Safety	82,494	-	82,494	100.00%
Outpatient Drug Treatment Program	66,615	-	66,615	100.00%
Family Service Center - Self Referral Counseling	59,213	46,335	12,878	27.79%
Supervised Visitation Program	53,138	73,863	(20,725)	-28.06%
Domestic Violence Program	41,456	50,024	(8,568)	-17.13%
Elm House	41,362	76,428	(35,066)	-45.88%
SuperKids/SuperTeens Program	15,700	15,594	106	0.68%
Family Service Center - DSS Counseling	3,346	790	2,556	323.54%
<b>Total Expenses</b>	<b>4,305,555</b>	<b>3,816,531</b>	<b>489,024</b>	<b>12.81%</b>
<b>Change in Net Position</b>	<b>\$ (33,049)</b>	<b>\$ 365,735</b>	<b>\$ (398,784)</b>	<b>-109.04%</b>

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

Current year's revenue increased by \$90,240 over the prior year primarily due to cost-of-living increases in County contracts. The current year's expenses increased \$489,024 due primarily to comprehensive board approved salary schedule improvements, the new Chief Financial Officer employed concurrently with the outgoing Chief Financial Officer for three months, and expenses related to development of new programs.

## COMMUNITY HUMAN SERVICES

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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#### Capital Assets and Debt Administration

##### Capital Assets

As of June 30, 2015, the Agency had \$2,790,470 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease, including additions, deductions and depreciation, of -0.92% or \$26,012 from the prior year.

	2015	2014	Changes	% Changes
Capital assets, not being depreciated - land	\$ 486,495	\$ 486,495	\$ -	0.00%
Capital assets, being depreciated				
Buildings and improvements	3,297,564	3,282,421	15,143	0.46%
Office equipment	302,670	293,382	9,288	3.17%
Transportation equipment	199,655	199,655	-	0.00%
Furniture and fixtures	149,755	127,592	22,163	17.37%
Leasehold improvements	128,523	91,747	36,776	40.08%
Operating and other equipment	79,227	78,059	1,168	1.50%
Total capital assets, being depreciated	4,157,394	4,072,856	84,538	2.08%
Less accumulated depreciation	1,853,419	1,742,869	110,550	6.34%
Total capital assets, being depreciated - net	2,303,975	2,329,987	(26,012)	-1.12%
<b>Capital Assets - Net</b>	<b>\$ 2,790,470</b>	<b>\$ 2,816,482</b>	<b>\$ (26,012)</b>	<b>-0.92%</b>

##### Debt Outstanding

Long-term debt obligations at June 30, 2014 and 2015 consist of the following:

	2015	2014	Changes	% Changes
Note payable to Rabobank				
Collateralized by Sonoma Avenue property	\$ 1,062,284	\$ 1,081,650	\$ (19,366)	-1.79%
Less current portion	24,823	23,812	1,011	4.25%
<b>Total Long-Term Debt</b>	<b>\$ 1,037,461</b>	<b>\$ 1,057,838</b>	<b>\$ (20,377)</b>	<b>-1.93%</b>

Net decrease of \$19,366 is a result of principal payments during the year.

## **COMMUNITY HUMAN SERVICES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015**

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#### **FACTORS AFFECTING FUTURE PERIODS**

Significant factors affecting the Agency are as follows:

With the federal government's approval of the State's Drug Medi-Cal Waiver and continued Medi-Cal expansion, the number of individuals eligible to receive Medi-Cal and the demand for services continues to rise. In addition, new services will become Medi-Cal reimbursable. As such, the Agency has sought Medi-Cal certification for two new outpatient drug treatment programs. Residential drug treatment and perinatal residential drug treatment will become Medi-Cal reimbursable, so the Agency will seek Medi-Cal certification for Genesis House. The Agency also plans to turn the sober living environment at Elm House into residential drug treatment services for women and seek Medi-Cal certification for Elm House. Demand for outpatient mental health services and methadone services also continues to rise. At Off Main Clinic, we increased our treatment capacity by 20% in FY 2015/16 and added perinatal services, which are reimbursed by Medi-Cal at a higher rate. For outpatient, residential, methadone and outpatient mental health, we plan to develop the capacity to bill third party insurance to serve newly insured individuals through the Affordable Care Act (ACA). Finally, we are in the planning stages to develop a runaway and homeless youth shelter in partnership with the City of Monterey and Housing and Urban Development (HUD) to meet this critical unmet need. In the area of information technology, the switch from traditional phone service to Voice Over Internet Provider (VOIP) was completed in January 2015, and in September we changed IT providers to meet the growing needs of the Agency. The new company, Rayne Technology, has rebuilt our network and has agreed to help us with a HIPAA compliance review. We also changed insurance brokers, selecting a local provider for better customer service. The new broker, Pierson Insurance, will assist us with ensuring our Agency health insurance plan meets ACA requirements.

#### **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.

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**COMMUNITY HUMAN SERVICES**

**STATEMENT OF NET POSITION - ENTERPRISE FUNDS  
JUNE 30, 2015**

	<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	\$ 183,458	\$ -	\$ -
Grants receivable	-	127,778	197,018
Prepaid expenses	66,038	-	-
Marketable securities	232,282	-	-
Due from other funds	2,819,070	-	479,090
Total Current Assets	<u>3,300,848</u>	<u>127,778</u>	<u>676,108</u>
Noncurrent Assets			
Capital assets not depreciated	-	291,656	-
Capital assets, net of accumulated depreciation	18,767	1,709,212	10,098
Total Noncurrent Assets	<u>18,767</u>	<u>2,000,868</u>	<u>10,098</u>
Total Assets	<u>3,319,615</u>	<u>2,128,646</u>	<u>686,206</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	181,304	-	-
Accrued vacation payable	85,714	-	-
Accrued retirement payable	19,233	-	-
Due to other funds	-	1,326,313	77,074
Current portion of long-term debt	-	24,823	-
Total Current Liabilities	<u>286,251</u>	<u>1,351,136</u>	<u>77,074</u>
Noncurrent Liabilities			
Noncurrent portion of long-term debt	-	1,037,461	-
Total Liabilities	<u>286,251</u>	<u>2,388,597</u>	<u>77,074</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,767	646,928	10,098
Restricted	-	-	676,108
Unrestricted	3,014,597	(906,879)	(77,074)
Total Net Position	<u>\$ 3,033,364</u>	<u>\$ (259,951)</u>	<u>\$ 609,132</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>
\$ -	\$ -	\$ 183,458
170,184	28,350	523,330
-	-	66,038
-	-	232,282
-	34,570	3,332,730
<u>170,184</u>	<u>62,920</u>	<u>4,337,838</u>
65,515	129,324	486,495
<u>280,338</u>	<u>285,560</u>	<u>2,303,975</u>
<u>345,853</u>	<u>414,884</u>	<u>2,790,470</u>
<u>516,037</u>	<u>477,804</u>	<u>7,128,308</u>
-	-	181,304
-	-	85,714
-	-	19,233
1,429,173	500,170	3,332,730
-	-	24,823
<u>1,429,173</u>	<u>500,170</u>	<u>3,643,804</u>
-	-	1,037,461
<u>1,429,173</u>	<u>500,170</u>	<u>4,681,265</u>
280,338	285,560	1,241,691
-	42,078	718,186
<u>(1,193,474)</u>	<u>(350,004)</u>	<u>487,166</u>
<u>\$ (913,136)</u>	<u>\$ (22,366)</u>	<u>\$ 2,447,043</u>

**COMMUNITY HUMAN SERVICES**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Operating Fund</b>	<b>Prevention and Treatment of Substance Abuse Program</b>	<b>Narcotic Treatment Program</b>
<b>OPERATING REVENUES</b>			
Grants	\$ -	\$ 915,802	\$ 976,228
Charges and fees	-	156,777	124,795
Total Operating Revenues	-	1,072,579	1,101,023
<b>OPERATING EXPENSES</b>			
Salaries	447,795	478,097	363,254
Employee benefits	160,677	137,164	122,264
Facilities rental	49,467	97	60,036
Professional fees	36,651	14,553	66,734
Utilities and maintenance	59,233	121,439	38,289
Operating supplies	18,385	19,860	18,950
Medical supplies and laboratory fees	-	5,233	49,000
Food	1,040	76,539	65
Insurance	8,047	7,235	6,244
Auto and travel	3,943	8,595	87
Telephone	13,302	12,694	11,344
Fees and licenses	(434)	2,091	19,954
Conferences and meetings	15,002	5,611	3,012
Copy machines	7,923	9,533	4,405
Advertising	6,584	1,317	1,068
Equipment rental	125	2,012	-
Miscellaneous	2,312	-	41
Dues	2,360	-	-
Client costs	-	4,894	-
Printing and publications	2,931	196	208
Development	5,668	350	-
Depreciation	4,609	59,548	4,621
Total Operating Expenses	845,620	967,058	769,576
Operating Income (Loss)	(845,620)	105,521	331,447
<b>NONOPERATING INCOME (EXPENSE)</b>			
Joint Powers Agency support	124,075	-	-
United Way funding	7,491	11,848	2,357
Contributions	110,022	36,004	250
Miscellaneous income	9,994	-	-
Interest income (expense) - net	-	(57,411)	(160)
Total Nonoperating Income (Expense)	251,582	(9,559)	2,447
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(594,038)	95,962	333,894
Transfers from (To) other funds	834,550	(246,306)	(188,133)
<b>CHANGES IN NET POSITION</b>	240,512	(150,344)	145,761
<b>NET POSITION - BEGINNING OF YEAR</b>	2,792,852	(109,607)	463,371
<b>NET POSITION - END OF YEAR</b>	\$ 3,033,364	\$ (259,951)	\$ 609,132

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

<b>Counseling Services</b>	<b>Other Non-Major Funds</b>	<b>Total</b>
\$ 1,011,636	\$ 439,836	\$ 3,343,502
18,452	110,399	410,423
<u>1,030,088</u>	<u>550,235</u>	<u>3,753,925</u>
614,716	365,866	2,269,728
191,883	85,719	697,707
49,833	7,115	166,548
34,383	28,660	180,981
38,342	33,737	291,040
22,367	22,660	102,222
-	464	54,697
701	16,558	94,903
14,043	7,114	42,683
9,179	4,008	25,812
18,406	12,957	68,703
905	5,160	27,676
2,652	10,891	37,168
849	1,449	24,159
7,785	4,210	20,964
-	-	2,137
400	143	2,896
382	-	2,742
-	7,907	12,801
1,552	652	5,539
282	28	6,328
<u>15,829</u>	<u>25,943</u>	<u>110,550</u>
<u>1,024,489</u>	<u>641,241</u>	<u>4,247,984</u>
<u>5,599</u>	<u>(91,006)</u>	<u>(494,059)</u>
-	-	124,075
2,538	3,475	27,709
43,915	165,840	356,031
260	512	10,766
-	-	(57,571)
<u>46,713</u>	<u>169,827</u>	<u>461,010</u>
<u>52,312</u>	<u>78,821</u>	<u>(33,049)</u>
<u>(243,681)</u>	<u>(156,430)</u>	<u>-</u>
<u>(191,369)</u>	<u>(77,609)</u>	<u>(33,049)</u>
<u>(721,767)</u>	<u>55,243</u>	<u>2,480,092</u>
<u>\$ (913,136)</u>	<u>\$ (22,366)</u>	<u>\$ 2,447,043</u>

**COMMUNITY HUMAN SERVICES**

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS (DIRECT METHOD)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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	\$ -	\$ 156,777	\$ 124,795
Cash receipts from government agencies	-	933,243	885,540
Cash payments to suppliers and employees	(774,440)	(967,058)	(769,576)
Operating transfers	(1,042,976)	619,217	64,710
Net Cash Used for Operating Activities	<u>(1,817,416)</u>	<u>742,179</u>	<u>305,469</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on debt	-	(57,411)	(160)
Principal payments on long-term debt	(1,081,650)	1,062,284	-
Cash payments for acquisition of fixed assets	3,840,691	(2,620,085)	(74,808)
Net Cash Used for Capital and Related Financing Activities	<u>2,759,041</u>	<u>(1,615,212)</u>	<u>(74,968)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	4,920	-	-
Investment earnings reinvested	(3,931)	-	-
Net Cash Used for Investing Activities	<u>989</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Joint Powers Agency Support	124,075	-	-
United Way funding	7,491	11,848	2,357
Contributions	110,022	36,004	250
Miscellaneous income	5,074	-	-
Due to (from) other funds	834,550	(246,306)	(188,133)
Transfers to (from) other funds	(1,960,159)	1,071,487	(44,975)
Net Cash Provided By Non Capital Financing Activities	<u>(878,947)</u>	<u>873,033</u>	<u>(230,501)</u>
Net Increase in Cash and Cash Equivalents	63,667	-	-
Cash and Cash Equivalents - Beginning of year	119,791	-	-
Cash and Cash Equivalents - Ending of year	<u>\$ 183,458</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>
\$ 18,452	\$ 110,399	\$ 410,423
1,115,347	432,193	3,366,323
(1,024,489)	(641,241)	(4,176,804)
154,834	314,765	110,550
<u>264,144</u>	<u>216,116</u>	<u>(289,508)</u>
-	-	(57,571)
-	-	(19,366)
<u>(500,687)</u>	<u>(729,649)</u>	<u>(84,538)</u>
<u>(500,687)</u>	<u>(729,649)</u>	<u>(161,475)</u>
-	-	4,920
-	-	(3,931)
-	-	989
-	-	124,075
2,538	3,475	27,709
43,915	165,840	356,031
260	512	5,846
(243,681)	(156,430)	-
433,511	500,136	-
<u>236,543</u>	<u>513,533</u>	<u>513,661</u>
-	-	63,667
-	-	119,791
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,458</u>

**COMMUNITY HUMAN SERVICES**

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS (INDIRECT METHOD)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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 loss	\$ (845,620)	\$ 105,521	\$ 331,447
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization	4,609	59,548	4,621
(Increase) decrease in:			
Grants receivable	-	17,441	(90,688)
Prepaid expenses	(27,385)	-	-
Increase (decrease) in:			
Accounts payable	108,820	-	-
Accrued vacation payable	9,321	-	-
Accrued retirement payable	(19,576)	-	-
Operating transfers in (out)	(1,047,585)	559,669	60,089
Total adjustments	(971,796)	636,658	(25,978)
Net Cash Used for Operating Activities	<u>\$ (1,817,416)</u>	<u>\$ 742,179</u>	<u>\$ 305,469</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>
\$ 5,599	\$ (91,006)	\$ (494,059)
15,829	25,943	110,550
103,711	(7,643)	22,821
-	-	(27,385)
-	-	108,820
-	-	9,321
-	-	(19,576)
<u>139,005</u>	<u>288,822</u>	<u>-</u>
<u>258,545</u>	<u>307,122</u>	<u>204,551</u>
<u>\$ 264,144</u>	<u>\$ 216,116</u>	<u>\$ (289,508)</u>

## COMMUNITY HUMAN SERVICES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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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, 2015

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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 services that offer residential and outpatient substance abuse counseling and recovery options. These services include perinatal care, Genesis house, Elm house and the DAISY program.

**Narcotic Treatment Program** The Fund is used to account separately for methadone maintenance, counseling and detoxification services.

**Counseling Services** The Fund is used to account separately for services and education provided to individuals and families. These services include MHSA parent education, family to family counseling, outpatient mental health managed care, self referral assistance, Pathways to Safety, and Outpatient Drug Free.

### Non-Major Funds

**Runaway Basic Center Program** The Fund is used to account for the provision of our Basic Center Program for runaway and homeless youth which includes counseling, temporary shelter, outreach and referral services.

**SuperKids/SuperTeens** The Fund is used to account for our school based counseling services at participating high school and middle school sites.

**Supervised Visitation** The Fund is used to account for the provision of family-like environments for children with their non-custodial parents under monitored visits.

**Domestic Violence** The Fund is used to account for a probation certified long-term psycho-educational group treatment program for domestic violence offenders.

**Runaway Street Outreach Program** The Fund is used to account for outreach, education, informal counseling, information and education provided to youth on the street.

**Safe Passage** The Fund is used to account for the provision of transitional housing services for homeless youth ages 18-21 providing education, case management, counseling and information/referral services with the goal of obtaining permanent housing and employment.

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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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, 2015

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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 November 2, 2015, 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, 2015

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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, 2015, consist of the following:

Checking and Savings	\$ 183,458
Investments - Marketable Securities	232,282
Total Deposits and Investments	<u>\$ 415,740</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, 2015, none of the Agency's bank balances of \$232,934 were 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, 2015, the Agency has investment balances of \$232,282 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, 2015, the Agency holds its 53% investment in Fidelity mutual funds and 47% in Community Human Services Stewardship Fund.

**COMMUNITY HUMAN SERVICES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**NOTE 3 – 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, 2015 consist of the following:

	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program	Counseling Services	Other Non- Major Funds	Total
DAISY Program	\$ 7,333	\$ -	\$ -	\$ -	\$ 7,333
Family to Family	-	-	16,419	-	16,419
Genesis House Residential and Perinatal Programs	120,445	-	-	-	120,445
Mental Health Services Act Programs	-	-	49,092	-	49,092
Off Main Clinic Methadone Program	-	197,018	-	-	197,018
Outpatient Mental Health Program	-	-	82,051	-	82,051
Pathways to Safety	-	-	19,250	-	19,250
Runaway Basic Center Program	-	-	-	532	532
Safe Passage	-	-	-	20,310	20,310
Self Referral Counseling Program	-	-	3,372	-	3,372
Runaway Street Outreach Program	-	-	-	5,532	5,532
Supervised Visitation Program	-	-	-	1,976	1,976
Total	<u>\$ 127,778</u>	<u>\$ 197,018</u>	<u>\$ 170,184</u>	<u>\$ 28,350</u>	<u>\$ 523,330</u>

**COMMUNITY HUMAN SERVICES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 – CAPITAL ASSETS**

Capital assets at June 30, 2015 were summarized as follows:

	Balance July 1, 2014	Additions	Balance June 30, 2015
Capital Assets Not Being Depreciated:			
Land	\$ 486,495	\$ -	\$ 486,495
Capital Assets Being Depreciated:			
Buildings and improvements	3,282,421	15,143	3,297,564
Office equipment	293,382	9,288	302,670
Transportation equipment	199,655	-	199,655
Furniture and fixtures	127,592	22,163	149,755
Leasehold improvements	91,747	36,776	128,523
Operating and other equipment	78,059	1,168	79,227
Subtotal	4,072,856	84,538	4,157,394
Less Accumulated Depreciation	1,742,869	110,550	1,853,419
Total Capital Assets, Being Depreciated	2,329,987	(26,012)	2,303,975
Capital Assets - Net	\$ 2,816,482	\$ (26,012)	\$ 2,790,470

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

Operating Fund	\$ 4,609
Prevention and Treatment of Substance Abuse Program	59,548
Narcotic Treatment Program	4,621
Counseling Services	15,829
Runaway Basic Center Program	14,439
Safe Passage	11,504
Total Depreciation Expense	\$ 110,550

## COMMUNITY HUMAN SERVICES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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#### NOTE 5 – NOTES PAYABLE

Notes payable at June 30, 2015 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.

	\$	1,062,284
Less current portion		24,823
Total Noncurrent Portion of Notes Payable	\$	<u>1,037,461</u>

Total interest charged to expense during the year ended June 30, 2015 amounted to \$52,738.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 24,823	\$ 51,824
2017	26,214	50,433
2018	27,533	49,115
2019	28,918	47,730
2020	30,245	46,403
2021-2025	924,551	142,838
Total	<u>\$ 1,062,284</u>	<u>\$ 388,343</u>

# COMMUNITY HUMAN SERVICES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 6 – 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, 2015.

#### 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, 2015.

#### Operating Leases

During the fiscal year ended June 30, 2015 the Agency leased buildings for its 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
2016	\$ 174,149
2017	118,326
2018	119,994
2019	121,698
2020	78,828
Total	<u>\$ 612,995</u>



## COMMUNITY HUMAN SERVICES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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#### NOTE 7 – 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 2014, 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 \$99,322 for the year ended June 30, 2015, and equal to 100% of the required contribution. Total payroll was \$2,269,728 and covered payroll was \$1,904,184.

#### NOTE 8 – 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, 2015**

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			\$ 405,200
Perinatal Program			279,919
Youth Treatment Program			35,772
Total Prevention and Treatment Clusters			<u>720,891</u>
CSAT Adult Drug Court Grant	93.243	[1]	4,842
Adoption Assistance	93.659	[1]	34,257
Foster Care Title/V-E First Five/Stuart Grant	93.658	[1]	45,211
Promoting Safe and Stable Families	93.556	[1]	18,000
Community Services Block Grant	93.569	[1]	25,254
Direct Program:			
Administration for Children, Youth and Families - Runaway and Homeless Youth	93.623	9OCY258001	181,127
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	9OYO005503	95,659
Total USHHS			<u>1,125,241</u>
<b>U.S. HOUSING AND URBAN DEVELOPMENT (USHUD)</b>			
Direct Program:			
Supportive Housing Program			
Transitional Housing	14.235	[1]	153,628
Pass Through:			
Cities of Salinas, Seaside and Monterey, California			
Community Development Block Grant	14.218	[1]	43,468
Pass Through:			
Department of Housing and Community Development of the State of California			
Emergency Shelter Grant Program	14.231	[1]	78,270
Total USHUD			<u>275,366</u>
Total Expenditures of Federal Awards			<u>\$ 1,400,607</u>

[1] Pass-Through Entity Identifying Number not available

See accompanying note to supplementary information.

**COMMUNITY HUMAN SERVICES**

**COMBINING SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Counseling Services</b>					
	<b>General</b>	<b>MHSA Parent Education</b>	<b>Family to Family</b>	<b>Outpatient Mental Health Counseling</b>	<b>MHSA HIV/AIDS Counseling</b>	<b>MHSA GLBT Counseling</b>
<b>REVENUES</b>						
Grants	\$ -	\$ 194,012	\$ 204,122	\$ 441,158	\$ 1,956	\$ 51,096
Charges and fees	-	-	-	435	-	-
Joint Powers Agency	124,075	-	-	-	-	-
United Way funding	7,491	-	-	-	1,259	1,279
Contributions	110,022	1,600	11,415	22,000	-	-
Other local sources	9,994	-	-	260	-	-
Total Revenues	<u>251,582</u>	<u>195,612</u>	<u>215,537</u>	<u>463,853</u>	<u>3,215</u>	<u>52,375</u>
<b>EXPENSES</b>						
Salaries	447,795	84,159	96,964	308,605	3,155	6,237
Employee benefits	160,677	25,015	36,022	90,037	925	2,119
Facilities rental	49,467	1,100	9,588	15,515	-	-
Professional fees	36,651	12,774	1,409	4,583	175	10,833
Utilities and maintenance	59,233	5,710	5,004	19,970	-	-
Operating supplies	18,385	5,383	7,035	5,104	1	1
Medical supplies and laboratory fees	-	-	-	-	-	-
Food	1,040	7	534	72	1	2
Insurance	8,047	1,207	1,836	5,260	327	776
Auto and travel	3,943	1,592	3,923	2,643	-	-
Telephone	13,302	825	3,847	10,194	1	3
Fees and licenses	(434)	39	203	578	-	-
Conferences and meetings	15,002	169	623	1,046	37	87
Copy machines	7,923	28	88	386	-	-
Advertising	6,584	1,391	572	1,553	-	-
Equipment rental	125	-	-	-	-	-
Miscellaneous	2,312	15	125	200	-	-
Dues	2,360	-	382	-	-	-
Client costs	-	-	-	-	-	-
Printing and publications	2,931	14	607	197	-	-
Development	5,668	1	235	19	-	-
Interest - Net	-	-	-	-	-	-
Total Before						
Depreciation	841,011	139,429	168,997	465,962	4,622	20,058
Depreciation	4,609	-	-	13,753	-	-
Total Expenses	<u>845,620</u>	<u>139,429</u>	<u>168,997</u>	<u>479,715</u>	<u>4,622</u>	<u>20,058</u>
Net income before distribution	(594,038)	56,183	46,540	(15,862)	(1,407)	32,317
Management distribution	834,550	(32,787)	(40,511)	(114,798)	(1,220)	(4,256)
<b>NET INCOME (LOSS)</b>	<u>\$ 240,512</u>	<u>\$ 23,396</u>	<u>\$ 6,029</u>	<u>\$ (130,660)</u>	<u>\$ (2,627)</u>	<u>\$ 28,061</u>

See accompanying note to supplementary information.

Counseling Services				Prevention and Treatment of Substance Abuse			
FSC-DSS Counseling	Pathways to Safety	Outpatient Drug Treatment	Self Referral Program	Genesis House Perinatal Residential	Genesis House Residential	Elm House	DAISY Program
\$ -	\$ 94,038	\$ -	\$ 25,254	\$ 279,919	\$ 512,783	\$ -	\$ 123,100
-	-	-	18,017	9,605	115,242	31,930	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	11,848	-
1,400	-	3,500	4,000	2,010	28,998	4,996	-
-	-	-	-	-	-	-	-
<u>1,400</u>	<u>94,038</u>	<u>3,500</u>	<u>47,271</u>	<u>291,534</u>	<u>657,023</u>	<u>48,774</u>	<u>123,100</u>
52	57,987	22,567	34,990	117,703	277,211	4,292	78,891
15	19,583	8,382	9,785	32,599	76,946	1,294	26,325
749	450	18,826	3,605	-	-	-	97
132	745	3,185	547	3,784	10,030	92	647
1,254	6	2,685	3,713	27,467	78,083	15,889	-
251	622	3,277	693	4,552	13,586	456	1,266
-	-	-	-	1,255	3,766	212	-
4	3	67	11	20,381	55,457	238	463
41	1,390	2,787	419	1,842	4,103	83	1,207
68	595	34	324	2,037	6,111	401	46
596	31	1,024	1,885	2,706	8,112	526	1,350
16	-	-	69	493	1,479	119	-
29	152	351	158	1,337	3,855	65	354
25	-	252	70	2,383	7,150	-	-
91	929	995	2,254	450	751	-	116
-	-	-	-	503	1,509	-	-
10	-	-	50	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,312	3,582	-	-
13	-	82	639	13	40	-	143
-	1	25	1	6	19	325	-
-	-	-	-	14,353	43,058	-	-
3,346	82,494	64,539	59,213	235,176	594,848	23,992	110,905
-	-	2,076	-	109	42,069	17,370	-
<u>3,346</u>	<u>82,494</u>	<u>66,615</u>	<u>59,213</u>	<u>235,285</u>	<u>636,917</u>	<u>41,362</u>	<u>110,905</u>
(1,946)	11,544	(63,115)	(11,942)	56,249	20,106	7,412	12,195
(791)	(19,973)	(14,678)	(14,667)	(60,972)	(149,039)	(10,071)	(26,224)
<u>\$ (2,737)</u>	<u>\$ (8,429)</u>	<u>\$ (77,793)</u>	<u>\$ (26,609)</u>	<u>\$ (4,723)</u>	<u>\$ (128,933)</u>	<u>\$ (2,659)</u>	<u>\$ (14,029)</u>

**COMMUNITY HUMAN SERVICES**

**COMBINING SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Off Main Clinic Methadone Program</b>	<b>Runaway Basic Center</b>	<b>SuperKids/ SuperTeens</b>	<b>Supervised Visitation</b>	<b>Domestic Violence</b>	<b>Runaway Street Outreach</b>
<b>REVENUES</b>						
Grants	\$ 976,228	\$ 181,127	\$ 13,800	\$ -	\$ -	\$ 125,659
Charges and fees	124,795	-	-	55,484	52,052	-
Joint Powers Agency	-	-	-	-	-	-
United Way funding	2,357	-	-	2,216	-	-
Contributions	250	55,992	12,184	24,005	2,000	53,280
Other local sources	-	512	-	-	-	-
<b>Total Revenues</b>	<b>1,103,630</b>	<b>237,631</b>	<b>25,984</b>	<b>81,705</b>	<b>54,052</b>	<b>178,939</b>
<b>EXPENSES</b>						
Salaries	363,254	90,535	12,826	36,670	30,026	98,812
Employee benefits	122,264	28,990	2,304	2,007	1,813	32,431
Facilities rental	60,036	-	-	3,605	3,510	-
Professional fees	66,734	25,014	93	962	635	1,013
Utilities and maintenance	38,289	6,941	-	4,028	2,006	6,978
Operating supplies	18,950	4,951	47	694	361	3,824
Medical supplies and laboratory fees	49,000	-	-	-	-	-
Food	65	16,197	-	12	6	74
Insurance	6,244	1,747	174	858	868	1,725
Auto and travel	87	906	183	745	247	879
Telephone	11,344	4,276	1	1,877	1,124	4,910
Fees and licenses	19,954	485	-	69	297	485
Conferences and meetings	3,012	4,020	23	207	230	4,896
Copy machines	4,405	672	-	70	35	672
Advertising	1,068	1,119	-	1,247	229	1,225
Equipment rental	-	-	-	-	-	-
Miscellaneous	41	13	-	50	50	(13)
Dues	-	-	-	-	-	-
Client costs	-	41	-	-	-	7,030
Printing and publications	208	100	49	36	18	400
Development	-	13	-	1	1	13
Interest - Net	160	-	-	-	-	-
<b>Total Before Depreciation</b>	<b>765,115</b>	<b>186,020</b>	<b>15,700</b>	<b>53,138</b>	<b>41,456</b>	<b>165,354</b>
Depreciation	4,621	14,439	-	-	-	-
<b>Total Expenses</b>	<b>769,736</b>	<b>200,459</b>	<b>15,700</b>	<b>53,138</b>	<b>41,456</b>	<b>165,354</b>
Net income before distribution	333,894	37,172	10,284	28,567	12,596	13,585
Management distribution	(188,133)	(46,569)	(3,607)	(13,838)	(10,108)	(42,381)
<b>NET INCOME (LOSS)</b>	<b>\$ 145,761</b>	<b>\$ (9,397)</b>	<b>\$ 6,677</b>	<b>\$ 14,729</b>	<b>\$ 2,488</b>	<b>\$ (28,796)</b>

See accompanying note to supplementary information.

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<b>Safe Passage</b>	<b>Total</b>
\$ 119,250	\$3,343,502
2,863	410,423
-	124,075
1,259	27,709
18,379	356,031
-	10,766
<u>141,751</u>	<u>4,272,506</u>
96,997	2,269,728
18,174	697,707
-	166,548
943	180,981
13,784	291,040
12,783	102,222
464	54,697
269	94,903
1,742	42,683
1,048	25,812
769	68,703
3,824	27,676
1,515	37,168
-	24,159
390	20,964
-	2,137
43	2,896
-	2,742
836	12,801
49	5,539
-	6,328
-	57,571
153,630	4,195,005
11,504	110,550
<u>165,134</u>	<u>4,305,555</u>
(23,383)	(33,049)
(39,927)	-
<u>\$ (63,310)</u>	<u>\$ (33,049)</u>

## **COMMUNITY HUMAN SERVICES**

### **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015**

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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 accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, local Governments, and Non-Profit Organizations*.

##### **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, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 2, 2015.

**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.



Palo Alto, California  
November 2, 2015



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

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, 2015. 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 requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Palo Alto, California  
November 2, 2015

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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, 2015**

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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 .510(a) of OMB Circular A-133?	<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>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>



**COMMUNITY HUMAN SERVICES**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported

**COMMUNITY HUMAN SERVICES**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported

## COMMUNITY HUMAN SERVICES

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

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#### *Financial Statement Findings*

#### **2014-1 Lack of Timely Reconciliation**

##### **Finding**

Certain reconciliations were not being prepared timely and accurately. Maintaining accurate financial information is important in making sound management decisions. It takes not only accurate posting of daily transactions, but also requires consistent and periodic reconciliations of actual balances to the general ledger to timely detect any errors and omissions. We noted certain balance sheet accounts which needed additional reconciliation procedures or adjustments.

##### **Recommendation**

We recommend that Management evaluate the periodic reconciliation of significant account balances and year-end procedures and modify them as necessary to ensure that they are carried out regularly and consistently. The procedures should include an overall reconciliation and evaluation on the status of cash, accounts receivable and accounts payable within the Peachtree accounting system. We recommend that all accounts be reconciled and reviewed on a monthly basis as part of the Agency's routine closing schedule. The focus of this procedure should be:

- to verify amounts have been accurately reflected in the general ledger;
- to reassess the collectability and appropriateness of older balances;
- to evaluate the status of programs and grants;
- to reassess estimates and assumptions used in recording certain balances; and
- to identify and resolve account discrepancies.

##### **Current Status**

Implemented.