

**COMMUNITY HUMAN SERVICES**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

# COMMUNITY HUMAN SERVICES

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**COMMUNITY HUMAN SERVICES**  
**BOARD OF DIRECTORS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b><u>AGENCIES</u></b>	<b><u>PRIMARIES</u></b>	<b><u>ALTERNATE</u></b>
City of Carmel	Darlene Mosley	Paul Tomasi
City of Del Rey Oaks	Patricia Lintell	Layne Buckley
City of Marina	Lisa Berkley	Gail Morton
City of Monterey	Alan Haffa	Dan Albert
City of Pacific Grove	Alan Cohen	Amy Tomlinson
City of Salinas	Steve McShane	Vacant
City of Sand City	Mary Ann Carbone	Linda Scholink, Finance Committee Member
City of Seaside	Mary Mitchell	Dave Pacheco
Carmel Unified School District	Annette Yee Steck, Finance Committee Chair	Vacant
Monterey Peninsula Unified School District	Alana Myles, Chair	Vacant
Pacific Grove Unified School District	Cristy Dawson	Vacant
Monterey Peninsula Community College District	Loren Steck	Yuri Anderson
North Monterey County Unified School District	Kyle Samuels, Vice Chair	Noemy Loveless
Monterey County Office of Education	Harvey Kuffner, Finance Committee Member	Mary Claypool
Santa Rita Union School District	Vacant	Vacant
Salinas Union High School District	Anthony Rocha	Patty Padilla-Salsberg



SALINAS OFFICE  
450 LINCOLN AVENUE  
SUITE 200  
SALINAS, CA 93901  
PHONE 831-757-5311  
FAX 831-757-9529  
BKPCPA.COM

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Community Human Services  
Monterey, California

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of each major enterprise fund, and the aggregate remaining fund information of Community Human Services, a Joint Powers Authority of California local governments, (Agency) as of and for the year ended June 30, 2020, 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.

### ***Auditors' 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 auditors' 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 enterprise major fund, and the aggregate remaining fund information of Community Human Services, as of June 30, 2020, 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 on pages 5-12 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 (SEFA), 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 (Uniform Guidance)* and the other supplementary information, such as the Combining Schedule of Functional Revenues and Expenses and budgetary

comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The SEFA, the Combining Schedule of Functional Revenues and Expenses and the budgetary comparison information are the responsibility of management and was derived from and relates 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 SEFA, the Combining Schedule of Functional Revenues and Expenses and the budgetary comparison information 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 30, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Bianchi, Kasawan & Pope, LLP*  
Salinas, California  
October 30, 2020

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

This section of Community Human Services' (Agency) annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended on June 30, 2020. 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 14. Comparisons to and analysis of the prior year are incorporated where appropriate.

**FINANCIAL HIGHLIGHTS**

- The Agency's net position increased by \$778,411 (or 32.84%) during 2020. Since the Agency engages only in business type activities, the increase is all in the category of business-type net position. Net position was \$3,148,728 and \$2,370,317 for 2020 and 2019, respectively.
- The Agency's return on total ending net position was 24.72%.
- Total cost of all the Agency's programs was \$6,392,509 and \$6,575,448 for 2020 and 2019, 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 Auditors' 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.

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Statement of Cash Flows**

The Statement of Cash Flows presents the sources 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.

**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 seven programs:

- Genesis House Perinatal Program
- Genesis House Co-Ed Program
- Sober Living
- Drug and Alcohol Intervention Services for Youth (DAISY) Program
- Outpatient Drug Treatment Centers in Salinas and Monterey
- Substance Use Prevention Program

**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.



**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**THE AGENCY'S FUNDS (Continued)**

**Business Type Funds (Continued)**

**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 eight programs operating out of the Family Service Centers in Salinas and Seaside:

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

**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
- Permanent Youth Shelter, an overnight shelter in downtown Monterey for homeless youth
- Salinas Street Outreach for runaway and homeless youth

**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>2020</u>	<u>2019</u>	<u>Changes</u>	<u>% Changes</u>
<b>Assets</b>				
Current assets	\$ 9,572,616	\$ 7,589,657	\$ 1,982,959	26.13%
Capital and other assets	<u>3,145,273</u>	<u>2,890,736</u>	<u>254,537</u>	8.81%
<b>Total Assets</b>	<u>12,717,889</u>	<u>10,480,393</u>	<u>2,237,496</u>	21.35%

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**COMPARATIVE ANALYSIS (Continued)**

**Statement of Net Position (Continued)**

	<u>2020</u>	<u>2019</u>	<u>Changes</u>	<u>% Changes</u>
<b>Liabilities</b>				
Current liabilities	\$ 8,205,415	\$ 7,176,956	\$ 1,028,459	14.33%
Long-term obligations	<u>1,363,746</u>	<u>933,120</u>	<u>430,626</u>	46.15%
<b>Total Liabilities</b>	<u>9,569,161</u>	<u>8,110,076</u>	<u>1,459,085</u>	17.99%
<b>Net Position</b>				
Net investment in capital assets	2,213,006	1,932,525	280,481	14.51%
Restricted	2,012,906	1,747,778	265,128	15.17%
Unrestricted	<u>(1,077,184)</u>	<u>(1,309,986)</u>	<u>232,802</u>	17.77%
<b>Total Net Position</b>	<u>\$ 3,148,728</u>	<u>\$ 2,370,317</u>	<u>\$ 778,411</u>	32.84%

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

Current year's net position increased by \$778,411 from the prior year. The current year increase was related primarily to increases in public grants and contracts offset by decreases in salaries and benefits.

**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:

	<u>2020</u>	<u>2019</u>	<u>Changes</u>	<u>% Changes</u>
<b>Revenues</b>				
Program revenues:				
Public grants and contracts	\$ 6,314,690	\$ 5,625,346	\$ 689,344	12.25%
Charges and fees	369,208	332,543	36,665	11.03%
Private grants and contributions	297,365	192,392	104,973	54.56%
Joint Powers Agency support	173,950	156,800	17,150	10.94%
Other revenue	<u>15,707</u>	<u>83,937</u>	<u>(68,230)</u>	(81.29%)
<b>Total Revenues</b>	<u>7,170,920</u>	<u>6,391,018</u>	<u>779,902</u>	12.20%

**COMMUNITY HUMAN SERVICES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2020**

**COMPARATIVE ANALYSIS (Continued)**

**Statement of Revenues, Expenses and Changes in Net Position (Continued)**

	<u>2020</u>	<u>2019</u>	<u>Changes</u>	<u>% Changes</u>
<b>Expenses</b>				
General	\$ 955,051	\$ 1,041,663	\$ (86,612)	(8.31%)
Off Main Clinic Methadone Program	1,128,917	1,080,141	48,776	4.52%
Genesis House Co-Ed Program	1,126,010	1,001,733	124,277	12.41%
Access to Treatment Outpatient Mental Health Program	672,498	988,115	(315,617)	(31.94%)
Genesis House Perinatal Program	48,063	59,428	(11,365)	(19.12%)
Basic Center Program for Runaway and Homeless Youth	186,040	215,077	(29,037)	(13.50%)
Family to Family Program	-	10,050	(10,050)	(100.00%)
Street Outreach Program for Runaway and Homeless Youth	241,096	244,170	(3,074)	(1.26%)
Safe Passage Program	175,681	205,141	(29,460)	(14.36%)
Mental Health Services				
Act Programs (PE, CATS A&B)	173,730	290,394	(116,664)	(40.17%)
DAISY Program	159,949	133,992	25,957	19.37%
Pathways to Safety Program	164,553	168,671	(4,118)	(2.44%)
Outpatient Drug Treatment Centers	460,185	522,794	(62,609)	(11.98%)
Permanent Youth Shelter	50,970	62,327	(11,357)	(18.22%)
Self-Referred Mental Health Counseling Program	27,125	33,421	(6,296)	(18.84%)
Supervised Visitation and Exchange Program	26,834	40,764	(13,930)	(34.17%)
Domestic Violence/Anger Management Program	39,902	51,312	(11,410)	(22.24%)
Sober Living	76,988	60,603	16,385	27.04%
SuperKids/Super Teens Program	6,828	35,935	(29,107)	(81.00%)
Family Service Center - DSS Counseling	-	762	(762)	(100.00%)
Substance Use Prevention Program	408,773	328,955	79,818	24.26%
Micro Innovation	20,362	-	20,362	100.00%
Salinas Street Outreach	<u>242,954</u>	<u>-</u>	<u>242,954</u>	100.00%
<b>Total Expenses</b>	<u>6,392,509</u>	<u>6,575,448</u>	<u>(182,939)</u>	(2.78%)
<b>Change in Net Position</b>	<u>\$ 778,411</u>	<u>\$ (184,430)</u>	<u>\$ 962,841</u>	522.06%

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**COMPARATIVE ANALYSIS** (Continued)

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

Current year revenue increased by \$779,902 over the prior year due to increases in public grants and contracts, and increases in private grants and contributions.

Note that the increase in net position also includes:

- 1) Income of \$404,538 from various capital grants which will purchase capital items to be depreciated over future years
- 2) An estimated contract cost settlement payment of \$347,522 due to Monterey County Behavioral Health for FY 2019-20

Current year expenses decreased by \$182,939 due primarily to a \$304,194 decrease in salaries and benefits, mainly due to open positions. This was offset by a \$156,737 increase in facilities rental, utilities and maintenance expenses. Reasons for increased costs include depreciation on new capital improvements and vehicle purchases, increased occupancy costs, additional Employment Practices Liability insurance, and the purchase of Narcan for County-wide distribution for the prevention of deaths due to opioid overdose.

The second year of operating Genesis House under the new Medi-Cal waiver was disappointing financially. The Medi-Cal reimbursement rates that the County negotiated with the State did not cover expenses, and the board and care rate set by the Monterey County Behavioral Health Department also did not cover expenses. Despite several requests and pressure put on the County by the Behavioral Health Contractors' Association, the reimbursement rates are still inadequate in FY 2020-21, with the exception of increased rates for Intensive Outpatient Services. The Contractors' Association will continue to press the issue with Behavioral Health.

The Access to Mental Health Services contract was inadequate to meet the public's mental health needs. See last year's statement.

Elm House was certified for Medi-Cal outpatient treatment, but because of lower than expected demand for women's residential services and low Medi-Cal reimbursement rates, we pivoted and turned Elm House back into a sober living environment. The certified Outpatient Treatment Centers (OTCs) were licensed by the State Department of Health Care Services, which will allow us to bill private insurance once the programs are enrolled on insurance panels. Our efforts to do so for the OTCs, as well as Genesis House and the outpatient mental health programs were unsuccessful due to nonperformance by a third-party contractor. We did receive a full refund.

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**COMPARATIVE ANALYSIS (Continued)**

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2020, the Agency had \$3,145,273 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase, including additions, deductions and depreciation, of 8.81% or \$254,537 from the prior year.

	<u>2020</u>	<u>2019</u>	<u>Changes</u>	<u>% Changes</u>
Capital assets, not being depreciated:				
Land	\$ 486,495	\$ 486,495	\$ -	0.00%
Construction in Progress	<u>285,409</u>	<u>-</u>	<u>285,409</u>	100.00%
Total capital assets, not being depreciated	<u>771,904</u>	<u>\$ 486,495</u>	<u>\$ 285,409</u>	58.67%
Capital assets, being depreciated:				
Buildings and improvements	3,877,604	3,824,182	53,422	1.40%
Office equipment	36,294	302,670	(266,376)	(88.01%)
Transportation Equipment	237,319	258,933	(21,614)	(8.35%)
Furniture and fixtures	186,118	186,118	-	0.00%
Leasehold Improvements	141,469	141,469	-	0.00%
Operating and Other equipment	<u>10,254</u>	<u>80,188</u>	<u>(69,934)</u>	(87.21%)
Total capital assets, being depreciated	<u>4,489,058</u>	<u>4,793,560</u>	<u>(304,502)</u>	(6.35%)
Less accumulated depreciation	<u>2,115,689</u>	<u>2,389,319</u>	<u>(273,630)</u>	(11.45%)
Total capital assets, being depreciated – net	2,373,369	2,404,241	(30,872)	(1.28%)
<b>Total Capital Assets</b>	<b><u>\$ 3,145,273</u></b>	<b><u>\$ 2,890,736</u></b>	<b><u>\$ 254,537</u></b>	8.81%

**Debt Outstanding**

Long-term debt obligations at June 30, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>	<u>Changes</u>	<u>% Changes</u>
Note payable to Mechanics Bank				
Collateralized by Sonoma Avenue property	\$ 932,267	\$ 958,211	\$ (25,944)	(2.71%)
PPP Loan	818,005	-	818,005	100.00%
Less current portion	<u>386,526</u>	<u>25,091</u>	<u>361,435</u>	1,440.50%
<b>Total Long-Term Debt</b>	<b><u>\$ 1,363,746</u></b>	<b><u>\$ 933,120</u></b>	<b><u>\$ 430,626</u></b>	46.15%

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**COMPARATIVE ANALYSIS** (Continued)

**Capital Assets and Debt Administration** (Continued)

Net increase to long-term debt of \$430,626 is a result of acquiring a Paycheck Protection Program (PPP) Loan during April for \$818,005 less \$386,526 which is the current portions of the PPP Loan and note payable totaling \$359,761 and 26,765 respectively.

**FACTORS AFFECTING FUTURE PERIODS**

The Monterey County Contractors' Association will continue to press for fairer reimbursement rates from the Behavioral Health Department. If successful, we will get closer to full or complete reimbursement for services rendered to the County.

The conversion of Elm House to sober living as well as opening another sober living environment, Sonoma House, will also allow us support our graduates' ongoing recovery, collect rents, and provide Medi-Cal billable recovery support services, thereby maximizing our income.

Private insurance continues to be a potential source of revenue. We will continue to seek approvals from insurance companies to bill for behavioral health services.

We were awarded a total of \$2,444,989 in Homeless Emergency Assistance Program (HEAP) funding from the State via the local administrator of the Monterey-San Benito Counties' Continuum of Care, the Coalition of Homeless Services Providers. The funds, to be distributed over a two year period, are for the rehabilitation of a modular building in Seaside for use as a homeless shelter for women and families with children (\$1,287,658); a street outreach program for unaccompanied homeless youth in the Salinas Valley (\$857,331); and Casa de Noche Buena shelter operations (\$300,000).

HEAP funding of \$300,000 to operate the Peninsula shelter Casa de Noche Buena will partially fund shelter operations in FY 2020-21. The shelter is a partnership between CHS and Gathering for Women, a nonprofit agency located in Monterey, CA that serves homeless women. A joint fund development team will lead efforts to raise money from the State, the County, Monterey Peninsula cities, public grants and private grants/donations for ongoing shelter operations. A special purpose fund (The Casa Shelter Fund) was established with the Community Foundation for Monterey County to facilitate private philanthropy.

In June 2020, CHS was awarded a \$600,000 Homeless Housing, Assistance and Prevention (HHAP) Program grant for Casa de Noche Buena shelter operations and a \$228,145 HHAP grant for street outreach services homeless youth in Salinas Valley and on the Monterey Peninsula. HHAP funding must be fully expended by June 30, 2025.

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**FACTORS AFFECTING FUTURE PERIODS (Continued)**

CHS is prepared to apply for more homeless funding with at least one new program in mind – a drop-in center for unaccompanied homeless youth in Salinas. The next known source of funding - Homeless Housing, Assistance and Prevention (HHAP) Program – Round 2, will include a set-aside for unaccompanied homeless youth. It will be awarded in the spring of 2021.

The agency's response to the COVID-19 pandemic and shelter-in-place (SIP) order was swift. Strict cleaning and disinfecting procedures were immediately put into place. Employees and clients were provided with hand sanitizer. Hand washing stations were installed at Off Main Clinic and Safe Place for the clients' use. Social distancing and mask wearing were required. Clients and staff were provided with COVID-19 educational materials. Policies and procedures were developed to address protocols for news admissions, quarantining and isolation in the residential programs. All essential services – drug treatment, medication-assisted treatment, mental health counseling and homeless outreach services – continued to be provided without interruption either in person, via telehealth, or through a combination of the two. Non-essential services such as parenting education and family support services continued uninterrupted via telehealth. Only supervised visitations and domestic violence groups were temporarily suspended until the SIP order was modified and have since resumed on a size-limited basis. We received a Payroll Protection Program loan which provided economic relief to those programs that experienced loss of income and allowed us to maintain staff positions. We also received some COVID relief grant funding to cover unbudgeted costs related to Personal Protective Equipment and supplies. We anticipate that these activities and costs will be ongoing in future periods and have budgeted for them in FY 2020-21.

**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, P.O. Box 3076, Monterey, California 93942.

## **FINANCIAL STATEMENTS**



# COMMUNITY HUMAN SERVICES

## STATEMENT OF NET POSITION - ENTERPRISE FUNDS

JUNE 30, 2020

	ASSETS		
	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 794,878	\$ -	\$ -
Contracts and grants receivable - Note 4	182,268	306,762	335,109
Prepaid expenses	72,787	-	-
Investments	437,606	-	-
Due from other funds	4,859,170	134,034	2,010,342
<b>TOTAL CURRENT ASSETS</b>	6,346,709	440,796	2,345,451
<b>PROPERTY AND EQUIPMENT</b> - net - Note 5	-	1,947,984	5,921
<b>TOTAL ASSETS</b>	<u>\$ 6,346,709</u>	<u>\$ 2,388,780</u>	<u>\$ 2,351,372</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 117,820	\$ -	\$ -
Accrued retirement payable	31,121	-	-
Worker's compensation payable	6,971	-	-
Unearned revenue	9,306	-	-
Due to other funds	-	3,143,146	77,074
Current portion of notes payable - Note 6	359,761	26,765	-
Accrued vacation payable	166,827	-	-
<b>TOTAL CURRENT LIABILITIES</b>	691,806	3,169,911	77,074
<b>NOTES PAYABLE</b> - net of current portion - Note 6	458,244	905,502	-
<b>TOTAL LIABILITIES</b>	<u>1,150,050</u>	<u>4,075,413</u>	<u>77,074</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	1,015,717	5,921
Restricted for narcotic prevention	-	-	2,012,906
Unrestricted	5,196,659	(2,702,350)	255,471
<b>TOTAL NET POSITION</b>	<u>5,196,659</u>	<u>(1,686,633)</u>	<u>2,274,298</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 6,346,709</u>	<u>\$ 2,388,780</u>	<u>\$ 2,351,372</u>

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF NET POSITION - ENTERPRISE FUNDS

JUNE 30, 2020

	ASSETS		
	Counseling Services	Other Non-major Funds	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 794,878
Contracts and grants receivable - Note 4	111,162	102,383	1,037,684
Prepaid expenses	-	-	72,787
Investments	-	-	437,606
Due from other funds	10,876	215,239	7,229,661
<b>TOTAL CURRENT ASSETS</b>	122,038	317,622	9,572,616
<b>PROPERTY AND EQUIPMENT</b> - net - Note 5	252,315	939,053	3,145,273
<b>TOTAL ASSETS</b>	<u>\$ 374,353</u>	<u>\$ 1,256,675</u>	<u>\$ 12,717,889</u>
	<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 117,820
Accrued retirement payable	-	-	31,121
Worker's compensation payable	-	-	6,971
Unearned revenue	-	257,183	266,489
Due to other funds	2,359,983	1,649,458	7,229,661
Current portion of notes payable - Note 6	-	-	386,526
Accrued vacation payable	-	-	166,827
<b>TOTAL CURRENT LIABILITIES</b>	2,359,983	1,906,641	8,205,415
<b>NOTES PAYABLE</b> - net of current portion - Note 6	-	-	1,363,746
<b>TOTAL LIABILITIES</b>	<u>2,359,983</u>	<u>1,906,641</u>	<u>9,569,161</u>
<b>NET POSITION</b>			
Net investment in capital assets	252,315	939,053	2,213,006
Restricted for narcotic prevention	-	-	2,012,906
Unrestricted	(2,237,945)	(1,589,019)	(1,077,184)
<b>TOTAL NET POSITION</b>	<u>(1,985,630)</u>	<u>(649,966)</u>	<u>3,148,728</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 374,353</u>	<u>\$ 1,256,675</u>	<u>\$ 12,717,889</u>

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
<b>OPERATING REVENUES</b>			
Public grants and contracts	\$ 325,032	\$ 2,587,635	\$ 1,589,570
Charges and fees	-	88,170	129,640
<b>Total Operating Revenues</b>	<u>325,032</u>	<u>2,675,805</u>	<u>1,719,210</u>
<b>OPERATING EXPENSES</b>			
Salaries	597,843	1,213,087	545,601
Employee benefits	129,643	311,327	157,196
Facilities rental	58,913	73,578	67,662
Professional fees	25,518	65,759	74,395
Utilities and maintenance	27,548	211,076	107,443
Operating supplies	36,092	41,919	22,530
Medical supplies and laboratory fees	-	7,242	75,668
Food	6,012	101,884	124
Insurance	7,316	29,223	8,064
Auto and travel	1,668	14,166	1,566
Telephone	10,318	19,761	8,158
Conferences and meetings	5,554	2,389	156
Advertising	26,152	2,157	1,632
Equipment rental	5,153	6,897	3,261
Miscellaneous	1,082	53	-
Dues, licenses and fees	8,036	16,969	43,042
Client costs	-	4,462	2,346
Printing and publications	6,876	3,262	1,948
Depreciation	1,327	94,624	2,762
<b>Total Operating Expenses</b>	<u>955,051</u>	<u>2,219,835</u>	<u>1,123,554</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(630,019)</u>	<u>455,970</u>	<u>595,656</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Joint Powers Agency support	173,950	-	-
Private grants and contributions	204,127	12,049	6,771
Other local sources	14,863	94	-
Interest expense	-	(60,133)	(5,363)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>392,940</u>	<u>(47,990)</u>	<u>1,408</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(237,079)</u>	<u>407,980</u>	<u>597,064</u>
Transfers from (to) other funds	<u>(955,061)</u>	<u>401,287</u>	<u>198,126</u>
<b>CHANGES IN NET POSITION</b>	<u>717,982</u>	<u>6,693</u>	<u>398,938</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>4,478,677</u>	<u>(1,693,326)</u>	<u>1,875,360</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 5,196,659</u>	<u>\$ (1,686,633)</u>	<u>\$ 2,274,298</u>

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Counseling Services	Other Non-Major Funds	Total
<b>OPERATING REVENUES</b>			
Public grants and contracts	\$ 772,469	\$ 1,039,984	\$ 6,314,690
Charges and fees	83,745	67,653	369,208
<b>Total Operating Revenues</b>	856,214	1,107,637	6,683,898
<b>OPERATING EXPENSES</b>			
Salaries	655,830	543,359	3,555,720
Employee benefits	182,095	116,570	896,831
Facilities rental	42,402	15,013	257,568
Professional fees	25,086	13,867	204,625
Utilities and maintenance	74,251	77,830	498,148
Operating supplies	17,919	33,163	151,623
Medical supplies and laboratory fees	-	-	82,910
Food	1,363	15,938	125,321
Insurance	9,133	15,439	69,175
Auto and travel	6,089	22,496	45,985
Telephone	14,728	19,228	72,193
Conferences and meetings	7,559	5,836	21,494
Advertising	4,283	12,676	46,900
Equipment rental	3,096	3,610	22,017
Miscellaneous	-	-	1,135
Dues, licenses and fees	1,996	10,071	80,114
Client costs	331	6,584	13,723
Printing and publications	1,308	4,335	17,729
Depreciation	10,799	54,290	163,802
<b>Total Operating Expenses</b>	1,058,268	970,305	6,327,013
<b>OPERATING INCOME (LOSS)</b>	(202,054)	137,332	356,885
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Joint Powers Agency support	-	-	173,950
Private grants and contributions	28,431	45,987	297,365
Other local sources	-	750	15,707
Interest expense	-	-	(65,496)
<b>Total Nonoperating Revenues (Expenses)</b>	28,431	46,737	421,526
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(173,623)	184,069	778,411
Transfers from (to) other funds	186,797	168,851	-
<b>CHANGES IN NET POSITION</b>	(360,420)	15,218	778,411
<b>NET POSITION, BEGINNING OF YEAR</b>	(1,625,210)	(665,184)	2,370,317
<b>NET POSITION, END OF YEAR</b>	\$ (1,985,630)	\$ (649,966)	\$ 3,148,728

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from clients	\$ -	\$ 88,170	\$ 129,640
Cash receipts from public contracts	325,032	2,616,767	1,589,527
Cash payments to suppliers and employees	(931,310)	(2,125,211)	(1,120,792)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(606,278)</u>	<u>579,726</u>	<u>598,375</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on debt	-	(60,133)	(5,363)
Proceeds from long-term debt	818,005	-	-
Payments on long-term debt	-	(25,944)	-
Cash payments for acquisition of capital assets	(132,930)	-	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>685,075</u>	<u>(86,077)</u>	<u>(5,363)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Gain on sale of equipment	-	-	-
Investment earnings	347	-	-
Investment purchases	(400,355)	-	-
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(400,008)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Net payments on line of credit	(234,718)	-	-
Joint Powers Agency support	173,950	-	-
Cash receipts from private grants and contributions	10,786	12,049	6,771
Other local sources	21,487	94	-
Cash receipts from (paid to) other funds	1,092,017	(505,792)	(599,783)
<b>NET CASH PROVIDED BY (USED BY) NON-CAPITAL FINANCING ACTIVITIES</b>	<u>1,063,522</u>	<u>(493,649)</u>	<u>(593,012)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>742,311</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>52,567</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 794,878</u>	<u>\$ -</u>	<u>\$ -</u>

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Counseling Services	Other Non-major Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from clients	\$ 83,745	\$ 67,653	\$ 369,208
Cash receipts from public contracts	756,719	994,867	6,282,912
Cash payments to suppliers and employees	(1,047,469)	(916,015)	(6,140,797)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(207,005)</u>	<u>146,505</u>	<u>511,323</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on debt	-	-	(65,496)
Proceeds from long-term debt	-	-	818,005
Payments on long-term debt	-	-	(25,944)
Cash payments for acquisition of capital assets	-	(285,409)	(418,339)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(285,409)</u>	<u>308,226</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Gain on sale of equipment	-	750	750
Investment earnings	-	-	347
Investment purchases	-	-	(400,355)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>-</u>	<u>750</u>	<u>(399,258)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Net payments on line of credit	-	-	(234,718)
Joint Powers Agency support	-	-	173,950
Cash receipts from private grants and contributions	28,431	303,170	361,207
Other local sources	-	-	21,581
Cash receipts from (paid to) other funds	178,574	(165,016)	-
<b>NET CASH PROVIDED BY (USED BY) NON-CAPITAL FINANCING ACTIVITIES</b>	<u>207,005</u>	<u>138,154</u>	<u>322,020</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>	<u>742,311</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>52,567</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,878</u>

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
<b>RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (630,019)	\$ 455,970	\$ 595,656
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>			
Depreciation and amortization	1,327	94,624	2,762
Change in allowance for uncollectible receivables	-	-	-
<b>(Increase) decrease in assets:</b>			
Contracts and grants receivable	-	29,132	(43)
Prepaid expenses	(1,377)	-	-
<b>Increase (decrease) in liabilities:</b>			
Accounts payable	26,227	-	-
Accrued retirement payable	(4,146)	-	-
Accrued vacation payable	1,710	-	-
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (606,278)</u>	<u>\$ 579,726</u>	<u>\$ 598,375</u>

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Counseling Services	Other Non-major Funds	Total
<b>RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (202,054)	\$ 137,332	\$ 356,885
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>			
Depreciation and amortization	10,799	54,290	163,802
Change in allowance for uncollectible receivables	(56,301)	-	(56,301)
<b>(Increase) decrease in assets:</b>			
Contracts and grants receivable	40,551	(45,117)	24,523
Prepaid expenses	-	-	(1,377)
<b>Increase (decrease) in liabilities:</b>			
Accounts payable	-	-	26,227
Accrued retirement payable	-	-	(4,146)
Accrued vacation payable	-	-	1,710
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (207,005)</u>	<u>\$ 146,505</u>	<u>\$ 511,323</u>

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



**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

**Organization and Description**

Community Human Services (Agency) is a tax exempt, 501(c)(3) Joint Powers Authority. The Board of Directors is made up of appointed representatives from local governmental entities comprising the Joint Powers Authority.

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. The Agency does not have component units.

**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 non-operating 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 contract fees from other government agencies.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

**Basis of Accounting and Financial Statement Presentation** (Continued)

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 non-operating 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.

**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, Sober Living environment, Outpatient Treatment Centers (OTC), DAISY substance abuse program for youth and the Substance Use Prevention Program in the Salinas Union High School District.

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

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

**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, Pathways to Safety, Micro Innovation 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.

**Permanent Youth Shelter Program** - The Fund is used to account for an overnight shelter in downtown Monterey for homeless youth.

**Salinas Street Outreach** – The Fund is used to account for the street outreach program in Salinas and the Salinas Valley, 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.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

**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.

**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

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

**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".

**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.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

**Net Position** (Continued)

- **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”.

**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 2015 and forward may be audited by regulatory agencies, however, the Agency is not aware of any such actions at this time.

**New Accounting Pronouncement**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency adopted Statement No. 95 - *“Postponement of the Effective Dates of Certain Authoritative Guidance”*. The requirements of this Statement are effective immediately.

**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 30, 2020, 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, 2020**

**2. DEPOSITS AND INVESTMENTS**

Deposits and investments as of June 30, 2020, consist of the following:

	<u><b>Amount</b></u>
Checking and savings	\$ 792,830
Investments	<u>437,606</u>
<b>TOTAL</b>	<u><b>\$1,230,436</b></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, 2020, the total carrying amount was \$792,830 with a corresponding bank balance of \$1,271,517. The Agency's bank balances were not 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, 2020, the Agency has investment balances of \$36,857 in Community Human Services' Stewardship Fund that is not FDIC insured, therefore, were 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, 2020, the Agency holds its 92% investment in Fidelity mutual funds and 8% in Community Human Services' Stewardship Fund.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020:

<u>Investment Type</u>	<u>Fair Value Measurements Using</u>				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Uncategorized</u>
Fidelity Mutual Funds	\$ 400,749	\$ 400,749	\$ -	\$ -	\$ -
Community Human Services Stewardship Fund	36,857	-	-	-	36,857
	<u>\$ 437,606</u>	<u>\$ 400,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,857</u>

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



**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**4. CONTRACTS AND GRANTS RECEIVABLE**

Contracts and 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

Contracts and grants receivable at June 30, 2020, consist of the following:

	<u>Operating fund</u>	<u>Prevention and Treatment of substance abuse program</u>	<u>Narcotic treatment program</u>	<u>Counseling services</u>	<u>Other non-major funds</u>	<u>Total</u>
General Operating	\$ 182,268	\$ -	\$ -	\$ -	\$ -	\$ 182,268
DAISY Program	-	4,128	-	-	-	4,128
Genesis House						
Co-ed and Perinatal Programs	-	141,174	-	-	-	141,174
Mental Health Services						
Act Programs	-	-	-	1,637	-	1,637
Off Main Clinic						
Methadone Program	-	-	335,109	-	-	335,109
Outpatient Drug Free	-	115,042	-	-	-	115,042
Outpatient Mental Health Program	-	-	-	47,223	-	47,223
Safe Passage Program	-	-	-	-	8,397	8,397
Salinas Street Outreach	-	-	-	-	53,643	53,643
Safe Place – SOP and BCP	-	-	-	-	35,358	35,358
Permanent Shelter	-	-	-	-	4,985	4,985
Substance Use						
Prevention	-	46,418	-	-	-	46,418
Parent Education	-	-	-	18,834	-	18,834
Pathways to Safety	-	-	-	43,468	-	43,468
<b>Contracts and grants receivable</b>	<u>\$ 182,268</u>	<u>\$ 306,762</u>	<u>\$ 335,109</u>	<u>\$ 111,162</u>	<u>\$ 102,383</u>	<u>\$1,037,684</u>

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**5. CAPITAL ASSETS**

Capital assets at June 30, 2020, are summarized as follows:

	<u>Balance July 1, 2019</u>	<u>Net Additions (Disposals)</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated:			
Land	\$ 486,495	\$ -	\$ 486,495
Construction in Progress	<u>-</u>	<u>285,409</u>	<u>285,409</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>486,495</u>	<u>285,409</u>	<u>771,904</u>
Capital Assets Being Depreciated:			
Buildings and improvements	3,824,182	53,422	3,877,604
Office equipment	302,670	(266,376)	36,294
Transportation equipment	258,933	(21,614)	237,319
Furniture and fixtures	186,118	-	186,118
Leasehold improvements	141,469	-	141,469
Operating and other equipment	<u>80,188</u>	<u>(69,934)</u>	<u>10,254</u>
<b>Subtotal</b>	4,793,560	(304,502)	4,489,058
Less accumulated depreciation	<u>2,389,319</u>	<u>(273,630)</u>	<u>2,115,689</u>
<b>Total Capital Assets, Being Depreciated</b>	<u>2,404,241</u>	<u>(30,872)</u>	<u>2,373,369</u>
<b>Capital Assets – Net</b>	<u>\$ 2,890,736</u>	<u>\$ 254,537</u>	<u>\$ 3,145,273</u>

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

	<u>Amount</u>
Operating fund	\$ 1,327
Prevention and treatment of substance abuse program	94,624
Narcotic treatment program	2,762
Counseling services	10,799
Other non-major funds	<u>54,290</u>
<b>TOTAL</b>	<u>\$ 163,802</u>

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**6. NOTES PAYABLE**

At June 30, 2020, the Agency has a note payable to Mechanics Bank for the Sonoma Avenue property (Genesis House), interest at 6.44% per annum, due in monthly installments of \$7,173, including interest through 2024 at which time all outstanding principal and interest are due and payable.

Outstanding balance	\$ 932,267
Less current portion	<u>26,765</u>

<b>Total noncurrent portion of Genesis House note payable</b>	<b><u>\$ 905,502</u></b>
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Total interest charged to expense during the year ended June 30, 2020, amounted to \$65,496.

On April 30, 2020, the Agency was granted a loan (PPP Loan) from Mechanics Bank in the amount of \$818,005, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The PPP Loan, which was in the form of a Note dated April 30, 2020, matures on April 30, 2022, and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 30, 2020. The Note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the PPP Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Company intends to use the entire PPP Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Outstanding balance	\$ 818,005
Less current portion	<u>359,761</u>

<b>Total noncurrent portion of PPP Loan payable</b>	<b><u>\$ 458,244</u></b>
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**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**6. NOTE PAYABLE (Continued)**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 386,526	\$ 67,831
2022	486,784	59,643
2023	30,434	55,643
2024	<u>846,528</u>	<u>18,106</u>
<b>TOTAL</b>	<b><u>\$1,750,272</u></b>	<b><u>\$ 201,223</u></b>

Under the terms of the credit agreement, there are various reporting and financial covenants. At June 30, 2020, the Agency was in compliance with the debt covenants.

**7. GRANTS FROM MONTEREY COUNTY**

The Agency receives various grants from the Department of Social Services of the County of Monterey. For the specific grants listed below, certain procedures were applied to the federal and other funding expenses reported under these grants.

<u>Grantor, Program and Term</u>	<u>Total Amount</u>	<u>Federal Funding</u>	<u>Other Funding</u>
County of Monterey DSS, Community Action Partnership- Youth Engagement July 1, 2019 – June 30, 2020	\$ 58,955	\$ 13,636	\$ 45,319
County of Monterey DSS, Community Action Partnership- Youth Shelter July 1, 2019 – June 30, 2020	\$ 30,000	\$ -	\$ 30,000
County of Monterey DSS, Parent Education July 1, 2019 – June 30, 2020	\$ 18,000	\$ 18,000	\$ -
County of Monterey DSS, Commercially Sexually Exploited Children July 1, 2019 – June 30, 2020	\$ 105,857	\$ 52,929	\$ 52,928

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**8. 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 Agency at June 30, 2020.

**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, 2020.

**Operating Leases**

During the fiscal year ended June 30, 2020, the Agency leased buildings for its Outpatient Drug Treatment Programs, Off Main Clinic Methadone Program and Family Service Center Salinas counseling office, Street Outreach Salinas Program office, Sober Living Residential Program as well as its Administrative office. In addition, during March 2019, the Agency leased a passenger van for the Safe Passage Program.

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

<b><u>Year Ending June 30,</u></b>	<b><u>Lease Payment</u></b>
2021	\$ 255,384
2022	110,798
2023	97,560
2024	<u>99,996</u>
<b>TOTAL</b>	<b><u>\$ 563,738</u></b>

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**9. 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). Eligible employees must also contribute a minimum of 2.5% of their gross pay, but may contribute up to \$18,500 for 2020, with an additional \$5,500 if age 50 or older. Ineligible employees must contribute 7.5% of their gross pay.

Until December 31, 2018, the Agency contracted 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.

As of January 1, 2019, the Agency contracted with Ascensus to provide administration of the contributory defined contribution pension plan.

The Agency's contribution to the plan amounted to \$176,891 for the year ended June 30, 2020, and is equal to 100% of the required contribution. Total payroll was \$3,555,720 and covered payroll was \$3,294,715.

**10. 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
Monterey Peninsula Unified School District	North Monterey County Unified School District
Santa Rita Union School District	Salinas Union High School District

## **SUPPLEMENTARY INFORMATION**

# COMMUNITY HUMAN SERVICES

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant 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-14018	
Residential Program			\$ 244,410
Youth Treatment Program			40,182
<b>Total Prevention and Treatment Clusters</b>			<u>284,592</u>
Foster Care Title IV-E (CSEC)	93.658	[1]	52,928
Promoting Safe and Stable Families	93.556	[1]	18,000
Youth Engagement	93.569	[1]	13,636
Direct Program:			
Administration for Children, Youth and Families - Runaway and Homeless Youth	93.623	9OCY699001	183,895
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	9OYO228301	100,000
<b>Total USHHS</b>			<u>653,051</u>
<b>U.S. HOUSING AND URBAN DEVELOPMENT (USHUD)</b>			
Direct Program:			
Supportive Housing Program			
Transitional Housing	14.235	[1]	130,574
Passed through:			
Cities of Salinas, Seaside and Monterey, California			
Community Development Block Grant	14.218	[1]	43,380
<b>Total USHUD</b>			<u>173,954</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 827,005</u>

[1] Grant Identifying Number not available

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



# COMMUNITY HUMAN SERVICES

## COMBINING SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	General	Counseling Services						Prevention and Treatment of Substance Abuse			
		MHSA Parent Education	Outpatient Mental Health Counseling	MHSA HIV / AIDS Counseling	Pathways to Safety	Micro Innovation	Self Referred Program	Genesis House Perinatal Residential	Genesis House Residential	OTC - Salinas	OTC - Monterey
<b>REVENUES</b>											
Public grants and contracts	\$ 325,032	\$ 190,863	\$ 368,576	\$ 2,684	\$ 175,205	\$ 19,825	\$ 15,316	\$ 40,113	\$ 1,197,986	\$ 277,470	\$ 337,030
Charges and fees	-	-	69,597	-	-	-	14,148	-	4,000	-	5,330
Joint Powers Agency	173,950	-	-	-	-	-	-	-	-	-	-
Private grants and contributions	204,127	-	28,331	100	-	-	-	373	7,482	-	-
Other local sources	14,863	-	-	-	-	-	-	-	-	-	94
<b>TOTAL REVENUES</b>	<b>717,972</b>	<b>190,863</b>	<b>466,504</b>	<b>2,784</b>	<b>175,205</b>	<b>19,825</b>	<b>29,464</b>	<b>40,486</b>	<b>1,209,468</b>	<b>277,470</b>	<b>342,454</b>
<b>EXPENSES</b>											
Salaries	597,843	71,380	424,527	3,417	121,749	14,297	20,460	12,880	512,662	108,203	153,641
Employee benefits	129,643	18,276	127,637	1,123	25,768	3,747	5,544	2,973	123,089	30,583	46,357
Facilities rental	58,913	9,944	26,491	1,989	3,978	-	-	105	1,995	21,366	21,219
Professional fees	25,518	11,449	12,071	97	1,097	135	237	8,449	25,069	13,601	13,954
Utilities and maintenance	27,548	21,759	42,579	2,367	7,546	-	-	7,283	145,813	13,109	12,447
Operating supplies	36,092	10,437	4,630	286	1,262	1,268	36	1,545	24,121	2,171	5,068
Medical supplies and laboratory fees	-	-	-	-	-	-	-	276	5,249	1,077	640
Food	6,012	982	381	-	-	-	-	4,940	94,572	36	389
Insurance	7,316	1,632	5,687	181	1,357	103	173	898	18,633	1,611	2,026
Auto and travel	1,668	2,037	3,824	-	60	168	-	639	11,390	87	478
Telephone	10,318	3,742	9,073	628	1,285	-	-	351	6,371	2,984	2,176
Conferences and meetings	5,554	6,437	1,082	-	40	-	-	26	837	278	278
Advertising	26,152	2,884	799	-	-	600	-	43	1,624	-	-
Equipment rental	5,153	774	1,857	155	310	-	-	207	3,924	1,548	1,218
Miscellaneous	1,082	-	-	-	-	-	-	3	-	-	-
Dues, licenses and fees	8,036	745	(99)	675	-	-	675	486	17,624	(644)	(515)
Client costs	-	-	331	-	-	-	-	144	3,884	-	-
Printing and publications	6,876	266	829	68	101	44	-	41	877	1,106	1,145
Interest - net	-	-	-	-	-	-	-	3,007	57,126	-	-
Total before depreciation	953,724	162,744	661,699	10,986	164,553	20,362	27,125	44,296	1,054,860	197,116	260,521
Depreciation	1,327	-	10,799	-	-	-	-	3,767	71,150	2,548	-
Total Expenses	955,051	162,744	672,498	10,986	164,553	20,362	27,125	48,063	1,126,010	199,664	260,521
Net income before distribution	(237,079)	28,119	(205,994)	(8,202)	10,652	(537)	2,339	(7,577)	83,458	77,806	81,933
Management distribution	(955,061)	27,745	120,795	1,907	29,376	2,182	4,792	8,311	196,768	35,327	46,630
<b>NET INCOME (LOSS)</b>	<b>\$ 717,982</b>	<b>\$ 374</b>	<b>\$ (326,789)</b>	<b>\$ (10,109)</b>	<b>\$ (18,724)</b>	<b>\$ (2,719)</b>	<b>\$ (2,453)</b>	<b>\$ (15,888)</b>	<b>\$ (113,310)</b>	<b>\$ 42,479</b>	<b>\$ 35,303</b>

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

# COMMUNITY HUMAN SERVICES

## COMBINING SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Prevention and Treatment of Substance Abuse				Other Non-Major								Total
	Sober Living	DAISY Program	Substance Use Prevention Program	Narcotic Treatment Program	Runaway Basic Center	Runaway Street Outreach	Safe Passage	Permanent Youth Shelter	SuperKids/ SuperTeens	Supervised Visitation	Salinas Street Outreach	Domestic Violence	
<b>REVENUES</b>													
Public grants and contracts	\$ -	\$ 177,530	\$ 557,506	\$ 1,589,570	\$ 210,763	\$ 261,738	\$ 130,574	\$ 30,000	\$ 9,897	\$ 10,086	\$ 363,310	\$ 23,616	\$ 6,314,690
Charges and fees	78,840	-	-	129,640	-	-	9,007	-	-	22,839	-	35,807	369,208
Joint Powers Agency	-	-	-	-	-	-	-	-	-	-	-	-	173,950
Private grants and contributions	144	4,050	-	6,771	19,967	19,667	2,520	3,833	-	-	-	-	297,365
Other local sources	-	-	-	-	-	750	-	-	-	-	-	-	15,707
<b>TOTAL REVENUES</b>	<b>78,984</b>	<b>181,580</b>	<b>557,506</b>	<b>1,725,981</b>	<b>230,730</b>	<b>282,155</b>	<b>142,101</b>	<b>33,833</b>	<b>9,897</b>	<b>32,925</b>	<b>363,310</b>	<b>59,423</b>	<b>7,170,920</b>
<b>EXPENSES</b>													
Salaries	-	123,615	302,086	545,601	103,558	119,784	89,071	32,713	5,092	17,080	147,201	28,860	3,555,720
Employee benefits	-	27,398	80,927	157,196	31,559	27,262	19,260	2,571	1,276	1,139	30,272	3,231	896,831
Facilities rental	28,893	-	-	67,662	83	83	2,847	-	-	-	12,000	-	257,568
Professional fees	668	822	3,196	74,395	1,359	8,651	1,325	363	112	214	1,466	377	204,625
Utilities and maintenance	20,576	2,889	8,959	107,443	13,550	14,336	21,077	9,613	-	4,812	11,243	3,199	498,148
Operating supplies	543	1,497	6,974	22,530	3,794	12,749	1,763	300	-	381	13,925	251	151,623
Medical supplies and laboratory fees	-	-	-	75,668	-	-	-	-	-	-	-	-	82,910
Food	-	586	1,361	124	508	11,263	3,547	-	-	-	620	-	125,321
Insurance	1,879	1,285	2,891	8,064	2,795	3,950	3,720	1,005	44	167	3,500	258	69,175
Auto and travel	44	181	1,347	1,566	927	3,753	14,370	-	304	140	2,718	284	45,985
Telephone	6,774	1,105	-	8,158	2,296	5,101	5,058	765	-	1,580	4,428	-	72,193
Conferences and meetings	-	565	405	156	56	1,690	61	38	-	(421)	2,987	1,425	21,494
Advertising	-	-	490	1,632	4,906	1,979	-	2,301	-	817	1,606	1,067	46,900
Equipment rental	-	-	-	3,261	755	755	-	-	-	-	2,100	-	22,017
Miscellaneous	-	-	50	-	-	-	-	-	-	-	-	-	1,135
Dues, licenses and fees	18	-	-	43,042	1,678	3,249	455	1,202	-	925	1,612	950	80,114
Client costs	434	-	-	2,346	1,131	3,972	-	99	-	-	1,382	-	13,723
Printing and publications	-	6	87	1,948	465	3,233	28	-	-	-	609	-	17,729
Interest - net	-	-	-	5,363	-	-	-	-	-	-	-	-	65,496
Total before depreciation	59,829	159,949	408,773	1,126,155	169,420	221,810	162,582	50,970	6,828	26,834	237,669	39,902	6,228,707
Depreciation	17,159	-	-	2,762	16,620	19,286	13,099	-	-	-	5,285	-	163,802
Total Expenses	76,988	159,949	408,773	1,128,917	186,040	241,096	175,681	50,970	6,828	26,834	242,954	39,902	6,392,509
Net income before distribution	1,996	21,631	148,733	597,064	44,690	41,059	(33,580)	(17,137)	3,069	6,091	120,356	19,521	778,411
Management distribution	13,355	28,503	72,393	198,126	32,575	41,498	30,564	8,823	1,160	4,663	42,655	6,913	-
<b>NET INCOME (LOSS)</b>	<b>\$ (11,359)</b>	<b>\$ (6,872)</b>	<b>\$ 76,340</b>	<b>\$ 398,938</b>	<b>\$ 12,115</b>	<b>\$ (439)</b>	<b>\$ (64,144)</b>	<b>\$ (25,960)</b>	<b>\$ 1,909</b>	<b>\$ 1,428</b>	<b>\$ 77,701</b>	<b>\$ 12,608</b>	<b>\$ 778,411</b>

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

# COMMUNITY HUMAN SERVICES

## SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL - AGENCY WIDE

FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Public grants and contracts	\$ 8,195,511	\$ 6,314,690	\$ (1,880,821)
Charges and fees	617,000	369,208	(247,792)
<b>Total operating revenues</b>	<b>8,812,511</b>	<b>6,683,898</b>	<b>(2,128,613)</b>
<b>OPERATING EXPENSES</b>			
Salaries	4,275,240	3,555,720	719,520
Employee benefits	1,124,808	896,831	227,977
Facilities rental, utilities and maintenance	671,444	755,716	(84,272)
Professional fees	229,678	204,625	25,053
Operating supplies	206,244	151,623	54,621
Medical supplies and laboratory fees	124,196	82,910	41,286
Food and client costs	153,160	139,044	14,116
Insurance	78,816	69,175	9,641
Auto and travel	61,292	45,985	15,307
Telephone	73,060	72,193	867
Conferences and meetings	41,340	21,494	19,846
Advertising	80,637	64,629	16,008
Equipment rental	57,615	22,017	35,598
Miscellaneous	1,200	1,135	65
Dues, licenses and fees	77,053	80,114	(3,061)
Depreciation	152,474	163,802	(11,328)
<b>Total Operating Expenses</b>	<b>7,408,257</b>	<b>6,327,013</b>	<b>1,081,244</b>
<b>OPERATING GAIN (LOSS)</b>	<b>1,404,254</b>	<b>356,885</b>	<b>(1,047,369)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Joint Powers Agency support	205,860	173,950	(31,910)
Private grants and contributions	100,000	297,365	197,365
Other local sources	2,000	15,707	13,707
Interest Expense	(84,300)	(65,496)	18,804
<b>Total Nonoperating Revenues (Expenses)</b>	<b>223,560</b>	<b>421,526</b>	<b>197,966</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ 1,627,814</b>	<b>778,411</b>	<b>\$ (849,403)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>		<b>2,370,317</b>	
<b>NET POSITION, END OF YEAR</b>		<b>\$ 3,148,728</b>	

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

**COMMUNITY HUMAN SERVICES**  
**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**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.

**Combining Schedule of Functional Revenues and Expenses**

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

**Schedule of Revenues and Expenses- Budget to Actual- Agency Wide**

This schedule provides the Agency the comparison of actual and planned revenues and expenses.

## **INDEPENDENT AUDITORS' REPORTS**



SALINAS OFFICE  
450 LINCOLN AVENUE  
SUITE 200  
SALINAS, CA 93901  
PHONE 831-757-5311  
FAX 831-757-9529  
BKPCPA.COM

**INDEPENDENT AUDITORS' 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 enterprise 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, 2020, and the related notes to the financial statements, which collectively comprise Community Human Services' basic financial statements, and have issued our report thereon dated October 30, 2020.

**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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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.

  
Salinas, California  
October 30, 2020



SALINAS OFFICE  
450 LINCOLN AVENUE  
SUITE 200  
SALINAS, CA 93901  
PHONE 831-757-5311  
FAX 831-757-9529  
BKPCPA.COM

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT 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 Compliance Supplement* that could have a direct and material effect on each of Community Human Services' (Agency) major federal programs for the year ended June 30, 2020. Community Human Services' 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, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Community Human Services' 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 Community Human Services 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 Community Human Services 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, 2020.

### **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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

*Bianchi, Kavanau & Pope, LLP*

Salinas, California

October 30, 2020

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

**COMMUNITY HUMAN SERVICES**  
**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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>
93.959	Block Grant for Prevention and Treatment of Substance Abuse

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, 2020**

There were no financial statement findings reported in the current year.

**COMMUNITY HUMAN SERVICES**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

There were no federal awards findings or questioned costs reported in the current year.

**COMMUNITY HUMAN SERVICES**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

There were no audit findings reported in the prior year's schedule of financial statement findings. There were no findings reported in the prior year's schedule of federal awards findings or questioned costs.