

**COMMUNITY HUMAN SERVICES**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**COMMUNITY HUMAN SERVICES**  
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**COMMUNITY HUMAN SERVICES**  
**BOARD OF DIRECTORS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<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	John Gaglioti
City of Marina	Lisa Berkley	Gail Morton
City of Monterey	Alan Haffa	Vacant
City of Pacific Grove	Alan Cohen	Amy Tomlinson
City of Salinas	Carla Viviana Gonzalez	Anthony Rocha
City of Sand City	Mary Ann Carbone	Linda Scholink, Finance Committee Member
City of Seaside	Mary Mitchell	Dave Pacheco
Carmel Unified School District	Tess Arthur	Ann-Marie Rosen
Monterey Peninsula Unified School District	Alana Myles, Chair	Jessica Hare
Pacific Grove Unified School District	Cristy Dawson	Vacant
Monterey Peninsula Community College District	Loren Steck	Rosalyn Green
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	Sandra Ocampo	Patty Padilla-Salsberg



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## **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, 2021, 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, 2021, 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 December 9, 2021, 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, Kazavan & Pope, LLP*

Salinas, California  
December 9, 2021

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. 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 \$2,996,593 (or 95.2%) during 2021. Since the Agency engages only in business type activities, the increase is all in the category of business-type net position. Net position was \$6,145,321 and \$3,148,728 for 2021 and 2020, respectively.
- The Agency's return on total ending net position was 48.8%.
- Total cost of all the Agency's programs was \$6,801,254 and \$6,392,509 for 2021 and 2020, 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, 2021**

**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, 2021**

**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  
 Parent Education Program

**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  
 Youth Shelter, an overnight shelter in downtown Monterey for homeless youth  
 Salinas Street Outreach for runaway and homeless youth  
 Casa de Noche Buena, an emergency shelter for women and families with children  
 Shuman HeartHouse, a homeless shelter for women and families with children

**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>2021</u>	<u>2020</u>	<u>Changes</u>	<u>% Changes</u>
<b>Assets</b>				
Current assets	\$ 12,652,798	\$ 9,572,616	\$ 3,080,182	32.2%
Capital and other assets	<u>7,374,913</u>	<u>3,145,273</u>	<u>4,229,640</u>	134.5%
<b>Total Assets</b>	<u>20,027,711</u>	<u>12,717,889</u>	<u>7,309,822</u>	57.5%

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**COMPARATIVE ANALYSIS (Continued)**

**Statement of Net Position (Continued)**

	<u>2021</u>	<u>2020</u>	<u>Changes</u>	<u>% Changes</u>
<b>Liabilities</b>				
Current liabilities	\$ 10,966,460	\$ 8,205,415	\$ 2,761,045	33.6%
Long-term obligations	<u>2,915,930</u>	<u>1,363,746</u>	<u>1,552,184</u>	113.8%
<b>Total Liabilities</b>	<u>13,882,390</u>	<u>9,569,161</u>	<u>4,313,229</u>	45.1%
<b>Net Position</b>				
Net investment in capital assets	4,474,885	2,213,006	2,261,879	102.2%
Restricted	2,261,649	2,012,906	248,743	12.4%
Unrestricted	<u>(591,213)</u>	<u>(1,077,184)</u>	<u>485,971</u>	45.1%
<b>Total Net Position</b>	<u>\$ 6,145,321</u>	<u>\$ 3,148,728</u>	<u>\$ 2,996,593</u>	95.2%

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

Current year's net position increased by \$2,996,593 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>2021</u>	<u>2020</u>	<u>Changes</u>	<u>% Changes</u>
<b>Revenues</b>				
Program revenues:				
Public grants and contracts	\$ 7,634,580	\$ 6,314,690	\$ 1,319,890	20.9%
Charges and fees	302,894	369,208	(66,314)	(18.0%)
Private grants and contributions	1,466,966	297,365	1,169,601	393.3%
Joint Powers Agency support	200,296	173,950	26,346	15.2%
Other revenue	<u>193,111</u>	<u>15,707</u>	<u>177,404</u>	1,129.5%
<b>Total Revenues</b>	<u>9,797,847</u>	<u>7,170,920</u>	<u>2,626,927</u>	36.6%

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**COMPARATIVE ANALYSIS (Continued)**

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

	<u>2021</u>	<u>2020</u>	<u>Changes</u>	<u>% Changes</u>
<b>Expenses</b>				
General	\$ 1,000,845	\$ 955,051	\$ 45,794	4.8%
Off Main Clinic Methadone Program	1,172,659	1,128,917	43,742	3.9%
Genesis House Co-Ed Program	994,383	1,126,010	(131,627)	(11.7%)
Access to Treatment Outpatient Mental Health Program	589,031	672,498	(83,467)	(12.4%)
Genesis House Perinatal Program	42,488	48,063	(5,575)	(11.6%)
Basic Center Program for Runaway and Homeless Youth	27,236	186,040	(158,804)	(85.4%)
Street Outreach Program for Runaway and Homeless Youth	316,222	241,096	75,126	31.2%
Safe Passage Program	202,995	175,681	27,314	15.5%
Mental Health Services				
Act Programs (PE, CATS A&B)	151,220	173,730	(22,510)	(13.0%)
DAISY Program	200,602	159,949	40,653	25.4%
Pathways to Safety Program	158,341	164,553	(6,212)	(3.8%)
Outpatient Drug Treatment Centers	413,881	460,185	(46,304)	(10.1%)
Youth Shelter	122,690	50,970	71,720	140.7%
Self-Referred Mental Health Counseling Program	-	27,125	(27,125)	(100.0%)
Supervised Visitation and Exchange Program	19,103	26,834	(7,731)	(28.8%)
Domestic Violence/Anger Management Program	24,067	39,902	(15,835)	(39.7%)
Sober Living	222,903	76,988	145,915	189.5%
SuperKids/Super Teens Program	-	6,828	(6,828)	(100.0%)
Substance Use Prevention Program	412,724	408,773	3,951	1.0%
Micro Innovation	-	20,362	(20,362)	(100.0%)
Salinas Street Outreach	291,352	242,954	48,398	19.9%
Casa de Noche Buena	434,007	-	434,007	100.0%
Heart House	<u>4,505</u>	<u>-</u>	<u>4,505</u>	100.0%
<b>Total Expenses</b>	<u>6,801,254</u>	<u>6,392,509</u>	<u>408,745</u>	6.4%
<b>Change in Net Position</b>	<u>\$ 2,996,593</u>	<u>\$ 778,411</u>	<u>\$ 2,218,182</u>	285.0%

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**COMPARATIVE ANALYSIS** (Continued)

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

Current year revenue increased by \$2,626,927 over the prior year due to increases in public grants and contracts and increases in private grants and contributions, of which \$2,466,613 is revenue from various capital grants for asset purchases which will be depreciated over future years. The additional increase in revenue is due mainly to a large insurance payment for property damage at Elm House.

Current year expenses increased by \$408,745 due primarily to partial year operating expenses of \$434,007 in a new program, Casa de Noche Buena, offset by savings in other programs.

Note that the increase in net position of \$2,218,182 is due primarily to capital grants of \$2,466,613 which purchased assets to be depreciated over future years.

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**COMPARATIVE ANALYSIS (Continued)**

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2021, the Agency had \$7,374,913 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase, including additions, deductions and depreciation, of 134.48% or \$4,229,640 from the prior year.

	<u>2021</u>	<u>2020</u>	<u>Changes</u>	<u>% Changes</u>
Capital assets, not being depreciated:				
Land	\$ 1,948,995	\$ 486,495	\$ 1,462,500	300.6%
Construction in Progress	<u>44,654</u>	<u>285,409</u>	<u>(240,755)</u>	(84.4%)
Total capital assets, not being depreciated	<u>1,993,649</u>	<u>\$ 771,904</u>	<u>\$ 1,221,745</u>	158.3%
Capital assets, being depreciated:				
Buildings and Improvements	5,422,423	3,877,604	1,544,819	39.8%
Office Equipment	36,294	36,294	-	0.0%
Transportation Equipment	259,954	237,319	22,635	9.5%
Furniture and Fixtures	186,118	186,118	-	0.0%
Leasehold Improvements	1,764,084	141,469	1,622,615	1,147.0%
Operating and Other Equipment	<u>15,394</u>	<u>10,254</u>	<u>5,140</u>	50.1%
Total capital assets, being depreciated	7,684,267	4,489,058	3,195,209	71.2%
Less accumulated depreciation	<u>2,303,003</u>	<u>2,115,689</u>	<u>187,314</u>	8.9%
Total capital assets, being depreciated – net	<u>5,381,264</u>	<u>2,373,369</u>	<u>3,007,895</u>	126.7%
<b>Total Capital Assets</b>	<u><b>\$ 7,374,913</b></u>	<u><b>\$ 3,145,273</b></u>	<u><b>\$ 4,229,640</b></u>	134.5%

**Debt Outstanding**

Long-term debt obligations at June 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>	<u>Changes</u>	<u>% Changes</u>
Note payable to Mechanics Bank				
Collateralized by Sonoma Avenue property	\$ 904,470	\$ 932,267	\$ (27,797)	(3.0%)
PPP Loan	818,005	818,005	-	0.0%
Shuman HeartHouse Note	2,000,000	-	2,000,000	100.0%
Less: current portion	<u>846,545</u>	<u>386,526</u>	<u>460,019</u>	119.0%
<b>Total Long-Term Debt</b>	<u><b>\$ 2,875,930</b></u>	<u><b>\$ 1,363,746</b></u>	<u><b>\$ 1,512,184</b></u>	110.9%

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**COMPARATIVE ANALYSIS** (Continued)

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

Net increase to long-term debt of \$1,512,184 is a result of acquiring the Franklin Street property (Shuman HeartHouse) and principal payments for the Sonoma Avenue property. A Paycheck Protection Program (PPP) Loan was acquired during April 2020 for \$818,005 less \$846,545 which is the current portions of the PPP Loan and Sonoma Avenue note payable totaling \$818,005 and \$28,540, respectively.

**FACTORS AFFECTING FUTURE PERIODS**

The Agency will be significantly expanding its mental health services division with the addition of several new contracts for fiscal years 2021-22 and 2022-23 with the Behavioral Health Bureau and the Department of Social Services of Monterey County. These contracts total almost \$950,000 a year in new funding and include Short-term Therapeutic Services, Family Support Groups, Multi-cultural Outreach and Engagement, Migrant Farmworker Education and Outreach, and Parenting Education.

The Agency received a significant donation and pledge totaling over \$3,000,000 in 2021 to acquire a building for a 35-bed homeless shelter for single women and families with children in Monterey. The building has ample water credits and is located in the City-approved shelter overlay zone. The Agency has embarked on a capital campaign to raise \$3,200,000 to renovate the facility. Construction is scheduled to start in the spring of 2022 with the shelter, Shuman HeartHouse, opening in the spring of 2023.

The Agency will fully utilize the Homeless Housing, Assistance and Prevention (HHAP) multi-year grants that were awarded in 2020 for the Casa de Noche Buena shelter and street outreach services for youth. The focus of State and Federal funding to address homelessness is shifting toward permanent housing solutions. Community Human Services will be expanding its fund development staff in 2022 with the goal of increasing private gifts from individuals and businesses. This strategy will help to lessen the reliance on government funding for programs.

The Agency continues to adjust the working environments in response to COVID-19 and the challenges brought by the pandemic. Most of the equipment and supply needs have been met. Policies and procedures are updated frequently as new recommendations are made by CDC and local health officials. Staff continues to provide essential services in person or via telehealth. However, uncertainties and stress are taking a toll on staff. Position vacancies have increased and been more difficult to fill. We anticipate that this situation will persist.

**COMMUNITY HUMAN SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021

	ASSETS		
	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 865,805	\$ -	\$ -
Contracts and grants receivable - Note 4	31,446	559,561	325,542
Prepaid expenses	87,373	-	-
Investments - Note 2	862,224	-	-
Due from other funds	7,320,780	-	2,330,997
<b>TOTAL CURRENT ASSETS</b>	9,167,628	559,561	2,656,539
<b>PROPERTY AND EQUIPMENT</b> - net - Note 5	-	1,895,200	3,700
<b>TOTAL ASSETS</b>	<u>\$ 9,167,628</u>	<u>\$ 2,454,761</u>	<u>\$ 2,660,239</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 77,288	\$ -	\$ -
Accrued retirement payable	36,728	-	-
Unearned revenue	1,753	-	-
Due to other funds	-	3,135,231	-
Current portion of notes payable - Note 6	818,005	28,540	-
Accrued vacation payable	196,227	-	-
<b>TOTAL CURRENT LIABILITIES</b>	1,130,001	3,163,771	-
<b>NONCURRENT LIABILITIES</b>			
Notes payable - net of current portion - Note 6	-	875,930	-
Other noncurrent liabilities	-	-	-
<b>TOTAL NONCURRENT LIABILITIES</b>	-	875,930	-
<b>TOTAL LIABILITIES</b>	1,130,001	4,039,701	-
<b>NET POSITION</b>			
Net investment in capital assets	-	990,730	8,142
Restricted for narcotic prevention	-	-	2,261,649
Unrestricted	8,037,627	(2,575,670)	390,448
<b>TOTAL NET POSITION</b>	8,037,627	(1,584,940)	2,660,239
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 9,167,628</u>	<u>\$ 2,454,761</u>	<u>\$ 2,660,239</u>

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

# COMMUNITY HUMAN SERVICES

## STATEMENT OF NET POSITION - ENTERPRISE FUNDS

JUNE 30, 2021

	ASSETS		
	Counseling Services	Other Non-major Funds	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 865,805
Contracts and grants receivable - Note 4	156,336	112,734	1,185,619
Prepaid expenses	-	-	87,373
Investments - Note 2	-	-	862,224
Due from other funds	-	-	9,651,777
<b>TOTAL CURRENT ASSETS</b>	156,336	112,734	12,652,798
<b>PROPERTY AND EQUIPMENT</b> - net - Note 5	243,691	5,232,322	7,374,913
<b>TOTAL ASSETS</b>	<u>\$ 400,027</u>	<u>\$ 5,345,056</u>	<u>\$ 20,027,711</u>
	<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 77,288
Accrued retirement payable	-	-	36,728
Unearned revenue	-	156,142	157,895
Due to other funds	2,491,044	4,025,502	9,651,777
Current portion of notes payable - Note 6	-	-	846,545
Accrued vacation payable	-	-	196,227
<b>TOTAL CURRENT LIABILITIES</b>	2,491,044	4,181,644	10,966,460
<b>NONCURRENT LIABILITIES</b>			
Notes payable - net of current portion - Note 6	-	2,000,000	2,875,930
Other noncurrent liabilities	-	40,000	40,000
<b>TOTAL NONCURRENT LIABILITIES</b>	-	2,040,000	2,915,930
<b>TOTAL LIABILITIES</b>	2,491,044	6,221,644	13,882,390
<b>NET POSITION</b>			
Net investment in capital assets	243,691	3,232,322	4,474,885
Restricted for narcotic prevention	-	-	2,261,649
Unrestricted	(2,334,708)	(4,108,910)	(591,213)
<b>TOTAL NET POSITION</b>	(2,091,017)	(876,588)	6,145,321
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 400,027</u>	<u>\$ 5,345,056</u>	<u>\$ 20,027,711</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, 2021

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
<b>OPERATING REVENUES</b>			
Public grants and contracts	\$ 1,322,329	\$ 2,523,019	\$ 1,628,056
Charges and fees	-	107,831	127,512
<b>Total Operating Revenues</b>	<u>1,322,329</u>	<u>2,630,850</u>	<u>1,755,568</u>
<b>OPERATING EXPENSES</b>			
Salaries	637,203	1,224,568	575,426
Employee benefits	159,015	255,939	159,672
Facilities rental	56,525	72,353	69,720
Professional fees	44,296	88,577	77,139
Utilities and maintenance	25,950	242,470	121,646
Operating supplies	25,425	22,382	28,397
Medical supplies and laboratory fees	-	4,576	75,038
Food	56	84,389	417
Insurance	7,485	26,828	6,874
Auto and travel	317	14,002	61
Telephone	9,189	19,153	8,572
Conferences and meetings	1,783	3,612	2,004
Advertising	9,906	7,774	4,231
Equipment rental	5,125	5,991	3,261
Miscellaneous	851	-	-
Dues, licenses and fees	16,404	8,103	34,073
Client costs	-	57,582	-
Printing and publications	1,315	2,257	3,907
Depreciation	-	88,146	2,221
<b>Total Operating Expenses</b>	<u>1,000,845</u>	<u>2,228,702</u>	<u>1,172,659</u>
<b>OPERATING INCOME (LOSS)</b>	<u>321,484</u>	<u>402,148</u>	<u>582,909</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Joint Powers Agency support	200,296	-	-
Private grants and contributions	1,293,176	4,320	7,465
Other local sources	25,184	153,312	-
Interest expense	-	(58,279)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,518,656</u>	<u>99,353</u>	<u>7,465</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	1,840,140	501,501	590,374
Expenses transferred from (to) other funds	<u>(1,000,828)</u>	<u>399,808</u>	<u>204,433</u>
<b>CHANGES IN NET POSITION</b>	2,840,968	101,693	385,941
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>5,196,659</u>	<u>(1,686,633)</u>	<u>2,274,298</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 8,037,627</u>	<u>\$ (1,584,940)</u>	<u>\$ 2,660,239</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, 2021

	Counseling Services	Other Non-Major Funds	Total
<b>OPERATING REVENUES</b>			
Public grants and contracts	\$ 915,827	\$ 1,245,349	\$ 7,634,580
Charges and fees	8,812	58,739	302,894
<b>Total Operating Revenues</b>	<b>924,639</b>	<b>1,304,088</b>	<b>7,937,474</b>
<b>OPERATING EXPENSES</b>			
Salaries	584,603	734,885	3,756,685
Employee benefits	128,863	128,940	832,429
Facilities rental	45,814	16,499	260,911
Professional fees	12,665	30,023	252,700
Utilities and maintenance	61,351	114,583	566,000
Operating supplies	8,514	92,920	177,638
Medical supplies and laboratory fees	-	4,465	84,079
Food	-	32,821	117,683
Insurance	7,228	21,331	69,746
Auto and travel	487	25,782	40,649
Telephone	13,682	21,895	72,491
Conferences and meetings	1,822	31,656	40,877
Advertising	7,679	15,546	45,136
Equipment rental	3,107	5,659	23,143
Miscellaneous	-	-	851
Dues, licenses and fees	13,399	2,646	74,625
Client costs	-	7,840	65,422
Printing and publications	754	2,262	10,495
Depreciation	8,624	152,424	251,415
<b>Total Operating Expenses</b>	<b>898,592</b>	<b>1,442,177</b>	<b>6,742,975</b>
<b>OPERATING INCOME (LOSS)</b>	<b>26,047</b>	<b>(138,089)</b>	<b>1,194,499</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Joint Powers Agency support	-	-	200,296
Private grants and contributions	25,000	137,005	1,466,966
Other local sources	-	14,615	193,111
Interest expense	-	-	(58,279)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>25,000</b>	<b>151,620</b>	<b>1,802,094</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>51,047</b>	<b>13,531</b>	<b>2,996,593</b>
Expenses transferred from (to) other funds	156,434	240,153	-
<b>CHANGES IN NET POSITION</b>	<b>(105,387)</b>	<b>(226,622)</b>	<b>2,996,593</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(1,985,630)</b>	<b>(649,966)</b>	<b>3,148,728</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ (2,091,017)</b>	<b>\$ (876,588)</b>	<b>\$ 6,145,321</b>

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, 2021

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from clients	\$ -	\$ 107,831	\$ 127,512
Cash receipts from public contracts	1,333,104	2,270,220	1,637,623
Cash payments to suppliers and employees	(1,027,927)	(2,140,556)	(1,170,438)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>305,177</u>	<u>237,495</u>	<u>594,697</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on debt	-	(58,279)	-
Payments on long-term debt	-	(27,797)	-
Cash payments for acquisition of capital assets	-	(78,450)	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(164,526)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	21,956	-	-
Investment purchases	(424,618)	-	-
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(402,662)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Net payments for long-term deposits	-	-	-
Joint Powers Agency support	200,296	-	-
Cash receipts from private grants and contributions	1,436,445	4,320	7,465
Other local sources	555	153,312	-
Cash receipts from (paid to) other funds	(1,468,884)	(230,601)	(602,162)
<b>NET CASH PROVIDED BY (USED BY) NON-CAPITAL FINANCING ACTIVITIES</b>	<u>168,412</u>	<u>(72,969)</u>	<u>(594,697)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>70,927</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>794,878</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 865,805</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, 2021

	Counseling Services	Other Non-major Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from clients	\$ 8,812	\$ 58,739	\$ 302,894
Cash receipts from public contracts	870,653	1,234,998	7,346,598
Cash payments to suppliers and employees	(889,968)	(1,289,753)	(6,518,642)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(10,503)</u>	<u>3,984</u>	<u>1,130,850</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on debt	-	-	(58,279)
Payments on long-term debt	-	-	(27,797)
Cash payments for acquisition of capital assets	-	(2,410,707)	(2,489,157)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(2,410,707)</u>	<u>(2,575,233)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	-	-	21,956
Investment purchases	-	-	(424,618)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>(402,662)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Net payments for long-term deposits	-	40,000	40,000
Joint Powers Agency support	-	-	200,296
Cash receipts from private grants and contributions	25,000	35,964	1,509,194
Other local sources	-	14,615	168,482
Cash receipts from (paid to) other funds	(14,497)	2,316,144	-
<b>NET CASH PROVIDED BY (USED BY) NON-CAPITAL FINANCING ACTIVITIES</b>	<u>10,503</u>	<u>2,406,723</u>	<u>1,917,972</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>	<u>70,927</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>794,878</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 865,805</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, 2021

	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)	\$ 321,484	\$ 402,148	\$ 582,909
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>			
Depreciation and amortization	-	88,146	2,221
Charge-off of uncollectible receivable	10,775	-	-
<b>(Increase) decrease in assets:</b>			
Contracts and grants receivable	-	(252,799)	9,567
Prepaid expenses	(14,586)	-	-
<b>Increase (decrease) in liabilities:</b>			
Accounts payable	(40,532)	-	-
Accrued retirement payable	5,607	-	-
Worker's compensation payable	(6,971)	-	-
Accrued vacation payable	29,400	-	-
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 305,177</u>	<u>\$ 237,495</u>	<u>\$ 594,697</u>
<b>SUPPLEMENTARY NONCASH INVESTING AND FINANCING TRANSACTIONS</b>			
Property acquired with debt	<u>\$ -</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, 2021

	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)	\$ 26,047	\$ (138,089)	\$ 1,194,499
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>			
Depreciation and amortization	8,624	152,424	251,415
Charge-off of uncollectible receivable	-	-	10,775
<b>(Increase) decrease in assets:</b>			
Contracts and grants receivable	(45,174)	(10,351)	(298,757)
Prepaid expenses	-	-	(14,586)
<b>Increase (decrease) in liabilities:</b>			
Accounts payable	-	-	(40,532)
Accrued retirement payable	-	-	5,607
Worker's compensation payable	-	-	(6,971)
Accrued vacation payable	-	-	29,400
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (10,503)</u>	<u>\$ 3,984</u>	<u>\$ 1,130,850</u>
<b>SUPPLEMENTARY NONCASH INVESTING AND FINANCING TRANSACTIONS</b>			
Property acquired with debt	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

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



**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**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, 2021**

**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 and King City Union 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, 2021**

**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.

**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.

**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, 2021**

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

**Non-Major Funds** (Continued)

**Casa de Noche Buena** – The Fund is used to account for services provided to women and families with children to set and achieve their personal goals for housing, income, employment, education, and other areas that support a successful exit from homelessness. Casa de Noche Buena is a partnership between the Agency and Gathering for Women, a local non-profit organization.

**Shuman HeartHouse** – The Fund is to account for services related to providing temporary shelter, supportive services and a path to stable housing for women and families with children.

**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.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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".

**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.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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”.

**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 2016 and forward may be audited by regulatory agencies, however, the Agency is not aware of any such actions at this time.

**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 December 9, 2021, 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, 2021**

**2. DEPOSITS AND INVESTMENTS**

Deposits and investments as of June 30, 2021, consist of the following:

	<u><b>Amount</b></u>
Checking and savings	\$ 863,507
Investments	<u>862,224</u>
<b>Total</b>	<u><b>\$1,725,731</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, 2021, the total carrying amount was \$863,507 with a corresponding bank balance of \$952,774. 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, 2021, the Agency has investment balances of \$857,083 in Community Human Services' Stewardship Fund with the Community Foundation for Monterey County that is not FDIC insured, therefore, it is 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, 2021, the Agency holds its 1% investment in Fidelity mutual funds and 99% in Community Human Services' Stewardship Fund with the Community Foundation for Monterey County.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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, 2021:

<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	\$ 5,141	\$ 5,141	\$ -	\$ -	\$ -
Community Human Services					
Stewardship Fund	<u>857,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>857,083</u>
	<u>\$ 862,224</u>	<u>\$ 5,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,083</u>

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



**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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, 2021, 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	\$ 31,446	\$ -	\$ -	\$ -	\$ 2,619	\$ 34,065
DAISY Program	-	7,532	-	-	-	7,532
Genesis House						
Co-ed and Perinatal Programs	-	411,793	-	-	-	411,793
Mental Health Services						
Act Programs	-	-	-	781	-	781
Off Main Clinic						
Methadone Program	-	-	325,542	-	-	325,542
Outpatient Drug Free	-	96,331	-	-	-	96,331
Outpatient Mental						
Health Program	-	-	-	93,391	-	93,391
Parent Education	-	-	-	30,401	-	30,401
Pathways to Safety	-	-	-	31,763	-	31,763
Youth Shelter	-	-	-	-	5,477	5,477
Safe Place –						
SOP and BCP	-	-	-	-	30,370	30,370
Salinas Street Outreach	-	-	-	-	15,146	15,146
Substance Use						
Prevention	-	43,905	-	-	-	43,905
Casa de Noche Buena	-	-	-	-	59,122	59,122
<b>Contracts and grants receivable</b>	<u>\$ 31,446</u>	<u>\$ 559,561</u>	<u>\$ 325,542</u>	<u>\$ 156,336</u>	<u>\$ 112,734</u>	<u>\$ 1,185,619</u>

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**5. CAPITAL ASSETS**

Capital assets at June 30, 2021, are summarized as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Net</u> <u>Additions</u> <u>(Disposals)</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets not being depreciated:			
Land	\$ 486,495	\$ 1,462,500	\$ 1,948,995
Construction in Progress	<u>285,409</u>	<u>(240,755)</u>	<u>44,654</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>771,904</u>	<u>1,221,745</u>	<u>1,993,649</u>
Capital Assets Being Depreciated:			
Buildings and improvements	3,877,604	1,544,819	5,422,423
Office equipment	36,294	-	36,294
Transportation equipment	237,319	22,635	259,954
Furniture and fixtures	186,118	-	186,118
Leasehold improvements	141,469	1,622,615	1,764,084
Operating and other equipment	<u>10,254</u>	<u>5,140</u>	<u>15,394</u>
<b>Subtotal</b>	4,489,058	3,195,209	7,684,267
Less accumulated depreciation	<u>2,115,689</u>	<u>187,314</u>	<u>2,303,003</u>
<b>Total Capital Assets, Being Depreciated</b>	<u>2,373,369</u>	<u>3,007,895</u>	<u>5,381,264</u>
<b>Capital Assets – Net</b>	<u>\$ 3,145,273</u>	<u>\$ 4,229,640</u>	<u>\$ 7,374,913</u>

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

	<u>Amount</u>
Operating fund	\$ -
Prevention and treatment of substance abuse program	88,146
Narcotic treatment program	2,221
Counseling services	8,624
Other non-major funds	<u>152,424</u>
<b>TOTAL</b>	<u>\$ 251,415</u>

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**6. NOTES PAYABLE**

At June 30, 2021, 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	\$ 904,470
Less current portion	<u>28,540</u>

<b>Total noncurrent portion of Genesis House note payable</b>	<b><u>\$ 875,930</u></b>
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Total interest charged to expense during the year ended June 30, 2021, amounted to \$58,279.

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 May 07, 2022, and bears interest at a rate of 1.00% per annum, payable monthly commencing on October 07, 2021. 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. 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. The PPP Loan outstanding balance of \$818,005 is classified as current on the Statement of Financial Position. Subsequent to the year ended June 30, 2021, the Agency received partial forgiveness of PPP loan, see note 11.

At June 30, 2021 the Agency has a \$2,000,000 note payable to a private party for, and secured by, the Franklin Street property (Shuman HeartHouse), interest at 4.00% per annum, due in monthly installments of interest only at \$6,667 through fiscal year 2023. The entire unpaid principal balance and any accrued interest are due May 31, 2023.

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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>
2022	\$ 846,545	\$ 139,643
2023	2,030,434	135,643
2024	<u>845,496</u>	<u>18,106</u>
<b>TOTAL</b>	<u><b>\$3,722,475</b></u>	<u><b>\$ 293,392</b></u>

Under the terms of the credit agreement, there are various reporting and financial covenants. At June 30, 2021, 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 (DSS) 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, 2020 – June 30, 2021	\$ 100,000	\$ 25,000	\$ 75,000
County of Monterey DSS, Community Action Partnership Youth Shelter July 1, 2020 – June 30, 2021	\$ 30,000	\$ -	\$ 30,000
County of Monterey DSS, Community Action Partnership- Casa de Noche Buena July 1, 2020 – June 30, 2021	\$ 100,000	\$ -	\$ 100,000
County of Monterey DSS, Parent Education July 1, 2020 – June 30, 2021	\$ 18,000	\$ 18,000	\$ -
County of Monterey DSS, Commercially Sexually Exploited Children July 1, 2020 – June 30, 2021	\$ 112,100	\$ 56,050	\$ 56,050

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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, 2021.

**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, 2021.

**Operating Leases**

During the fiscal year ended June 30, 2021, 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>
2022	\$ 110,798
2023	97,560
2024	<u>99,996</u>
<b>TOTAL</b>	<b><u>\$ 308,354</u></b>

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 \$19,500 for 2021, 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 \$180,159 for the year ended June 30, 2021, and is equal to 100% of the required contribution. Total payroll was \$3,756,685 and covered payroll was \$3,352,646.

**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

**COMMUNITY HUMAN SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**11. SUBSEQUENT EVENT**

On September 22, 2021, the Agency was notified by its lender, Mechanics Bank, that the application for partial forgiveness of the PPP Loan in the amount of \$20,365 was approved by the Small Business Administration (SBA). Repayment of the remaining PPP Loan balance of \$797,640 will be in accordance with the terms of the promissory note agreement with Mechanics Bank.

## **SUPPLEMENTARY INFORMATION**



# COMMUNITY HUMAN SERVICES

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Grant Identifying Number</b>	<b>Federal Expenditures</b>
<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]	56,050
Promoting Safe and Stable Families	93.556	[1]	18,000
Youth Engagement	93.569	[1]	25,000
Direct Program:			
Administration for Children, Youth and Families -			
Runaway and Homeless Youth	93.623	9OCY699001	58,230
Education and Prevention Grants to Reduce Sexual Abuse			
of Runaway, Homeless and Street Youth	93.557	9OYO228301	28,336
<b>Total USHHS</b>			<u>470,208</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]	77,146
<b>Total USHUD</b>			<u>207,720</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 677,928</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, 2021

	General	Counseling Services				Prevention and Treatment of Substance Abuse						
		MHSA Parent Education	Outpatient Mental Health Counseling	MHSA HIV / AIDS Counseling	Pathways to Safety	Genesis House Perinatal Residential	Genesis House Residential	OTC - Salinas	OTC - Monterey	Sober Living	DAISY Program	Substance Use Prevention Program
<b>REVENUES</b>												
Public grants and contracts	\$ 1,322,329	\$ 164,179	\$ 579,816	\$ 2,117	\$ 169,715	\$ 3,639	\$ 1,234,101	\$ 254,138	\$ 339,413	\$ -	\$ 176,425	\$ 515,303
Charges and fees	-	-	8,812	-	-	-	6,667	2,525	2,420	96,219	-	-
Joint Powers Agency	200,296	-	-	-	-	-	-	-	-	-	-	-
Private grants and contributions	1,293,176	-	25,000	-	-	-	320	-	-	-	4,000	-
Other local sources	25,184	-	-	-	-	-	4,446	-	-	148,866	-	-
<b>TOTAL REVENUES</b>	<b>2,840,985</b>	<b>164,179</b>	<b>613,628</b>	<b>2,117</b>	<b>169,715</b>	<b>3,639</b>	<b>1,245,534</b>	<b>256,663</b>	<b>341,833</b>	<b>245,085</b>	<b>180,425</b>	<b>515,303</b>
<b>EXPENSES</b>												
Salaries	637,203	82,915	382,097	-	119,591	13,288	498,063	104,399	130,769	-	151,592	326,457
Employee benefits	159,015	17,612	89,063	(16)	22,204	2,113	101,310	25,062	23,938	-	37,262	66,254
Facilities rental	56,525	10,788	28,554	2,157	4,315	122	1,824	22,014	19,497	28,896	-	-
Professional fees	44,296	925	10,759	26	955	9,159	39,497	17,714	15,928	2,617	1,168	2,494
Utilities and maintenance	25,950	21,592	31,687	1,601	6,471	5,223	107,823	12,950	11,330	91,008	3,669	10,467
Operating supplies	25,425	1,257	5,672	217	1,368	474	7,802	4,665	2,721	44	3,829	2,847
Medical supplies and laboratory fees	-	-	-	-	-	187	4,346	15	28	-	-	-
Food	56	-	-	-	-	3,254	62,135	75	80	18,504	149	192
Insurance	7,485	1,404	4,604	142	1,078	1,008	17,450	1,408	1,660	1,776	1,170	2,356
Auto and travel	317	10	477	-	-	641	13,303	-	-	-	42	16
Telephone	9,189	3,589	8,248	615	1,230	299	5,933	2,803	2,245	6,497	1,376	-
Conferences and meetings	1,783	490	987	-	345	20	1,256	490	521	-	345	980
Advertising	9,906	3,125	4,554	-	-	-	5,439	815	859	-	-	661
Equipment rental	5,125	777	1,864	155	311	147	2,796	1,554	1,494	-	-	-
Miscellaneous	851	-	-	-	-	-	-	-	-	-	-	-
Dues, licenses and fees	16,404	1,427	11,368	201	403	6	183	3,911	3,984	19	-	-
Client costs	-	-	-	-	-	19	1,087	-	-	56,476	-	-
Printing and publications	1,315	176	473	35	70	60	1,245	411	541	-	-	-
Interest - net	-	-	-	-	-	2,914	55,365	-	-	-	-	-
Total before depreciation	1,000,845	146,087	580,407	5,133	158,341	38,934	926,857	198,286	215,595	205,837	200,602	412,724
Depreciation	-	-	8,624	-	-	3,554	67,526	-	-	17,066	-	-
Total Expenses	1,000,845	146,087	589,031	5,133	158,341	42,488	994,383	198,286	215,595	222,903	200,602	412,724
Net income before distribution	1,840,140	18,092	24,597	(3,016)	11,374	(38,849)	251,151	58,377	126,238	22,182	(20,177)	102,579
Management distribution	(1,000,828)	25,710	102,142	889	27,693	7,407	173,870	34,473	37,966	38,761	35,236	72,095
<b>NET INCOME (LOSS)</b>	<b>\$ 2,840,968</b>	<b>\$ (7,618)</b>	<b>\$ (77,545)</b>	<b>\$ (3,905)</b>	<b>\$ (16,319)</b>	<b>\$ (46,256)</b>	<b>\$ 77,281</b>	<b>\$ 23,904</b>	<b>\$ 88,272</b>	<b>\$ (16,579)</b>	<b>\$ (55,413)</b>	<b>\$ 30,484</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, 2021

		Other Non-Major									
	Narcotic Treatment Program	Runaway Basic Center	Runaway Street Outreach	Safe Passage	Youth Shelter	Casa de Noche Buena	Heart House	Supervised Visitation	Salinas Street Outreach	Domestic Violence	Total
<b>REVENUES</b>											
Public grants and contracts	\$ 1,628,056	\$ 74,190	\$ 300,835	\$ 130,574	\$ 80,000	\$ 338,360	\$ -	\$ 4,335	\$ 310,236	\$ 6,819	\$ 7,634,580
Charges and fees	127,512	-	-	3,518	-	-	15,194	13,939	-	26,088	302,894
Joint Powers Agency	-	-	-	-	-	-	-	-	-	-	200,296
Private grants and contributions	7,465	19,025	39,428	-	2,000	76,552	-	-	-	-	1,466,966
Other local sources	-	-	12,710	-	-	1,905	-	-	-	-	193,111
<b>TOTAL REVENUES</b>	<b>1,763,033</b>	<b>93,215</b>	<b>352,973</b>	<b>134,092</b>	<b>82,000</b>	<b>416,817</b>	<b>15,194</b>	<b>18,274</b>	<b>310,236</b>	<b>32,907</b>	<b>9,797,847</b>
<b>EXPENSES</b>											
Salaries	575,426	15,579	138,948	111,275	78,200	164,738	-	9,813	202,160	14,172	3,756,685
Employee benefits	159,672	1,418	35,102	26,906	5,794	26,544	-	1,086	29,041	3,049	832,429
Facilities rental	69,720	-	132	80	-	3,966	-	-	12,321	-	260,911
Professional fees	77,139	314	2,547	1,319	697	22,763	-	291	1,949	143	252,700
Utilities and maintenance	121,646	3,279	28,751	16,577	12,835	38,859	51	3,378	7,968	2,885	566,000
Operating supplies	28,397	649	26,851	3,663	5,194	50,245	-	2,234	3,271	813	177,638
Medical supplies and laboratory fees	75,038	-	-	-	-	4,465	-	-	-	-	84,079
Food	417	-	8,627	3,143	414	18,953	-	-	1,684	-	117,683
Insurance	6,874	747	4,605	3,582	1,876	4,730	183	256	5,014	338	69,746
Auto and travel	61	-	5,201	12,104	-	2,565	-	702	5,200	10	40,649
Telephone	8,572	668	5,645	5,168	1,380	2,141	-	954	5,939	-	72,491
Conferences and meetings	2,004	-	29,902	425	70	424	-	145	690	-	40,877
Advertising	4,231	20	620	5,301	2,846	3,559	-	244	597	2,359	45,136
Equipment rental	3,261	257	990	-	554	1,178	-	-	2,680	-	23,143
Miscellaneous	-	-	-	-	-	-	-	-	-	-	851
Dues, licenses and fees	34,073	-	1,434	30	-	878	-	-	6	298	74,625
Client costs	-	130	3,087	747	380	1,775	-	-	1,721	-	65,422
Printing and publications	3,907	35	358	-	29	1,298	-	-	542	-	10,495
Interest - net	-	-	-	-	-	-	-	-	-	-	58,279
Total before depreciation	1,170,438	23,096	292,800	190,320	110,269	349,081	234	19,103	280,783	24,067	6,549,839
Depreciation	2,221	4,140	23,422	12,675	12,421	84,926	4,271	-	10,569	-	251,415
Total Expenses	1,172,659	27,236	316,222	202,995	122,690	434,007	4,505	19,103	291,352	24,067	6,801,254
Net income before distribution	590,374	65,979	36,751	(68,903)	(40,690)	(17,190)	10,689	(829)	18,884	8,840	2,996,593
Management distribution	204,433	4,879	54,486	35,508	21,141	66,090	4	3,242	50,633	4,170	-
<b>NET INCOME (LOSS)</b>	<b>\$ 385,941</b>	<b>\$ 61,100</b>	<b>\$ (17,735)</b>	<b>\$ (104,411)</b>	<b>\$ (61,831)</b>	<b>\$ (83,280)</b>	<b>\$ 10,685</b>	<b>\$ (4,071)</b>	<b>\$ (31,749)</b>	<b>\$ 4,670</b>	<b>\$ 2,996,593</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, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Public grants and contracts	\$ 6,686,695	\$ 7,634,580	\$ 947,885
Charges and fees	287,244	302,894	15,650
<b>Total operating revenues</b>	<u>6,973,939</u>	<u>7,937,474</u>	<u>963,535</u>
<b>OPERATING EXPENSES</b>			
Salaries	4,013,130	3,756,685	256,445
Employee benefits	936,529	832,429	104,100
Facilities rental, utilities and maintenance	735,693	826,911	(91,218)
Professional fees	289,524	252,700	36,824
Operating supplies	166,707	177,638	(10,931)
Medical supplies and laboratory fees	121,884	84,079	37,805
Food and client costs	237,327	183,105	54,222
Insurance	79,704	69,746	9,958
Auto and travel	58,794	40,649	18,145
Telephone	80,688	72,491	8,197
Conferences and meetings	39,981	40,877	(896)
Advertising	51,616	55,631	(4,015)
Equipment rental	47,673	23,143	24,530
Miscellaneous	950	851	99
Dues, licenses and fees	63,579	74,625	(11,046)
Depreciation	256,170	251,415	4,755
<b>Total Operating Expenses</b>	<u>7,179,949</u>	<u>6,742,975</u>	<u>436,974</u>
<b>OPERATING GAIN (LOSS)</b>	<u>(206,010)</u>	<u>1,194,499</u>	<u>1,400,509</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Joint Powers Agency support	192,450	200,296	7,846
Private grants and contributions	76,416	1,466,966	1,390,550
Other local sources	2,004	193,111	191,107
Interest Expense	(64,860)	(58,279)	6,581
<b>Total Nonoperating Revenues (Expenses)</b>	<u>206,010</u>	<u>1,802,094</u>	<u>1,596,084</u>
<b>CHANGES IN NET POSITION</b>	<u>\$ -</u>	<u>2,996,593</u>	<u>\$ 2,996,593</u>
<b>NET POSITION, BEGINNING OF YEAR</b>		<u>3,148,728</u>	
<b>NET POSITION, END OF YEAR</b>		<u>\$ 6,145,321</u>	

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

**COMMUNITY HUMAN SERVICES**  
**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**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' REPORT**



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**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, 2021, and the related notes to the financial statements, which collectively comprise Community Human Services' basic financial statements, and have issued our report thereon dated December 9, 2021.

**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.

*Bianchi, Kasavan & Pope, LLP*

Salinas, California  
December 9, 2021