

COMMUNITY HUMAN SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

COMMUNITY HUMAN SERVICES

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COMMUNITY HUMAN SERVICES

BOARD OF DIRECTORS

FOR THE YEAR ENDED JUNE 30, 2023

<u>AGENCIES</u>	<u>PRIMARIES</u>	<u>ALTERNATE</u>
City of Carmel	Darlene Mosley	Vacant
City of Del Rey Oaks	Jeremy Hallock	Vacant
City of Marina	Brian McCarthy	Kathy Biala
City of Monterey	Alan Haffa	Kim Barber
City of Pacific Grove	Lori McDonnell	Alan Cohen
City of Salinas	Anthony Rocha	Andrew Sandoval
City of Sand City	Mary Ann Carbone	Kim Cruz
City of Seaside	Alexis Garcia-Arrazola	Alex Miller
Carmel Unified School District	Anne-Marie Rosen	Jason Remyense
Monterey Peninsula Unified School District	Veronica Miramontes	Dr. Bettye Lusk
Pacific Grove Unified School District	Jennifer McNary	Carolyn Swanson
Monterey Peninsula Community College District	Loren Steck	Debeliah Anthony
North Monterey County Unified School District	Noemy Loveless	Kyle Samuels
Monterey County Office of Education	Annette Yee Steck	Mary Claypool
Santa Rita Union School District	Jacob Sandoval	Dr. Summer Prather-Smith
Salinas Union High School District	Nathalia Carillo	Patty Padilla-Salsberg



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Human Services
Monterey, California

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 November 9, 2023, 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.



Salinas, California
November 9, 2023

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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 15. Comparisons to and analysis of the prior year are incorporated where appropriate.

FINANCIAL HIGHLIGHTS

- The Agency's net position increased by \$2,514,731 (or 39.5%) during 2023. Since the Agency engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$8,884,601 and \$6,369,870 for 2023 and 2022, respectively.
- The Agency's return on total ending net position was 28.3%.
- Total cost of all the Agency's programs was \$10,438,642 and \$8,652,830 for 2023 and 2022, 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, 2023

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 six programs:

- Genesis House Residential Drug Treatment Program
- Sober Living Programs
- 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. Additional medications offered include buprenorphine and disulfiram, as well as naloxone for opioid overdose reversal.

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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

Pathways to Safety Program
 Access to Treatment Outpatient Mental Health Program
 Parent Education Program
 Micro Innovation
 Short-Term Therapeutic Services
 Super Kids / Super Teens
 Family Support Services
 Outreach and Engagement
 CONNECT

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

Monterey Peninsula and Salinas Valley Street Outreach Programs for homeless youth ages 18-24
 Safe Passage Transitional Supportive Housing Program for homeless youth ages 18-24
 Domestic Violence / Anger Management Program
 Supervised Visitation and Exchange Program
 Safe Place Youth Shelter and Drop-in Center for homeless youth ages 18-24
 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>2023</u>	<u>2022</u>	<u>Changes</u>	<u>% Changes</u>
Assets				
Current assets	\$ 15,838,697	\$ 12,895,571	\$ 2,943,126	22.8%
Capital and other assets	<u>9,985,420</u>	<u>8,801,509</u>	<u>1,183,911</u>	13.5%
Total Assets	<u>25,824,117</u>	<u>21,697,080</u>	<u>4,127,037</u>	19.0%

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

COMPARATIVE ANALYSIS (Continued)

Statement of Net Position (Continued)

	<u>2023</u>	<u>2022</u>	<u>Changes</u>	<u>% Changes</u>
Liabilities				
Current liabilities	\$ 15,913,255	\$ 13,191,867	\$ 2,721,388	20.6%
Long-term obligations	<u>1,026,261</u>	<u>2,135,343</u>	<u>(1,109,082)</u>	(51.9%)
Total Liabilities	<u>16,939,516</u>	<u>15,327,210</u>	<u>1,612,306</u>	10.5%
Net Position				
Net investment in capital assets	7,892,759	4,352,757	3,540,002	81.3%
Restricted	2,766,959	2,414,014	352,945	14.6%
Unrestricted	<u>(1,775,117)</u>	<u>(396,901)</u>	<u>(1,378,216)</u>	347.2%
Total Net Position	<u>\$ 8,884,601</u>	<u>\$ 6,369,870</u>	<u>\$ 2,514,731</u>	39.5%

Major Factors Affecting the Statement of Net Position

Current year's net position increased by \$2,514,731 from the prior year. The current year increase was related primarily to slight increases in public grants and contracts, and a large increase in private grants and contributions due to a major donation and capital campaign in fiscal year 2023 for the Shuman HeartHouse capital project.

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, 2023, is as follows:

	<u>2023</u>	<u>2022</u>	<u>Changes</u>	<u>% Changes</u>
Revenues				
Program revenues:				
Public grants and contracts	\$ 9,841,124	\$ 7,728,963	\$ 2,112,161	27.3%
Charges and fees	266,249	410,670	(144,421)	(35.2%)
Private grants and contributions	2,518,117	561,081	1,957,036	348.8%
Joint Powers Agency support	238,000	181,875	56,125	30.9%
Other revenue / (losses)	<u>89,883</u>	<u>(5,210)</u>	<u>95,093</u>	(1,825.2%)
Total Revenues	<u>12,953,373</u>	<u>8,877,379</u>	<u>4,075,994</u>	45.9%

COMMUNITY HUMAN SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

COMPARATIVE ANALYSIS (Continued)

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

	<u>2023</u>	<u>2022</u>	<u>Changes</u>	<u>% Changes</u>
Expenses				
General	\$ 1,496,081	\$ 1,249,787	\$ 246,294	19.7%
Off Main Clinic Methadone Program	1,447,087	1,310,137	136,950	10.5%
Genesis House Residential Program	1,567,694	1,266,181	301,513	23.8%
Access to Treatment Outpatient Mental Health Program	801,668	593,372	208,296	35.1%
Monterey Peninsula Street Outreach Program	349,693	380,698	(31,005)	(8.1%)
Safe Passage Program	256,916	217,277	39,639	18.2%
MHSA Parent Education	94,260	114,986	(20,726)	(18.0%)
DAISY Program	208,591	205,988	2,603	1.3%
Pathways to Safety Program	-	115,685	(115,685)	(100.0%)
Outpatient Drug Treatment Centers	655,178	519,942	135,236	26.0%
Safe Place Youth Shelter	131,092	115,924	15,168	13.1%
Supervised Visitation and Exchange Program	39,391	31,303	8,088	25.8%
Domestic Violence/Anger Management Program	34,507	24,769	9,738	39.3%
Sober Living	85,206	81,278	3,928	4.8%
SuperKids/Super Teens Program	43,247	10,467	32,780	313.2%
Substance Use Prevention Program	874,457	528,384	346,073	65.5%
Micro Innovation	10,739	26,444	(15,705)	(59.4%)
Salinas Valley Street Outreach Program	449,246	275,744	173,502	62.9%
Casa de Noche Buena	823,765	772,285	51,480	6.7%
Shuman HeartHouse	146,968	174,180	(27,212)	(15.6%)
Short-Term Therapeutic Services	589,415	358,056	231,359	64.6%
CONNECT	65,228	59,130	6,098	10.3%
Family Support Groups	49,055	45,172	3,883	8.6%
Outreach and Engagement	<u>219,158</u>	<u>175,641</u>	<u>43,517</u>	24.8%
Total Expenses	<u>10,438,642</u>	<u>8,652,830</u>	<u>1,785,812</u>	20.6%
Change in Net Position	<u>\$ 2,514,731</u>	<u>\$ 224,549</u>	<u>\$ 2,290,182</u>	1,019.9%

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

COMPARATIVE ANALYSIS (Continued)

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

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

Current year revenue increased by \$4,075,994 from the prior year due primarily to increases in private grants and donations. A major donation was received in fiscal year 2023 for the Shuman HeartHouse capital project.

Current year expenses increased by \$1,785,812 due primarily to new programs and higher salaries and benefits.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the Agency had \$8,724,234 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase, including additions, deductions and depreciation, of 20.8% or \$1,504,760 from the prior year.

	<u>2023</u>	<u>2022</u>	<u>Changes</u>	<u>% Changes</u>
Capital assets, not being depreciated:				
Land	\$ 1,948,995	\$ 1,948,995	\$ -	0.0%
Construction in Progress	<u>1,885,802</u>	<u>103,371</u>	<u>1,782,431</u>	1,724.3%
Total capital assets, not being depreciated	<u>3,834,797</u>	<u>2,052,366</u>	<u>1,782,431</u>	86.9%
Capital assets, being depreciated:				
Buildings and Improvements	5,677,026	5,586,299	90,727	1.6%
Office Equipment	36,294	36,294	-	0.0%
Transportation Equipment	251,588	251,588	-	0.0%
Furniture and Fixtures	186,118	186,118	-	0.0%
Leasehold Improvements	1,768,567	1,768,567	-	0.0%
Operating and Other Equipment	<u>55,390</u>	<u>15,394</u>	<u>39,996</u>	259.8%
Total capital assets, being depreciated	7,974,983	7,844,260	130,723	1.7%
Less accumulated depreciation	<u>3,085,546</u>	<u>2,677,152</u>	<u>408,394</u>	15.3%
Total capital assets, being depreciated – net	<u>4,889,437</u>	<u>5,167,108</u>	<u>(277,671)</u>	(5.4%)
Total Capital Assets	<u>\$ 8,724,234</u>	<u>\$ 7,219,474</u>	<u>\$ 1,504,760</u>	20.8%

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

COMPARATIVE ANALYSIS (Continued)

Capital Assets and Debt Administration (Continued)

Debt Outstanding

Long-term debt obligations at June 30, 2023 and 2022, consist of the following:

	<u>2023</u>	<u>2022</u>	<u>Changes</u>	<u>% Changes</u>
Note payable to Mechanics Bank				
Collateralized by Sonoma				
Avenue property	\$ 843,319	\$ 874,859	\$ (31,540)	(3.6%)
Shuman HeartHouse Note	-	2,000,000	(2,000,000)	(100.0%)
Less: current portion	<u>843,319</u>	<u>2,030,434</u>	<u>(1,187,115)</u>	(58.5%)
Total Long-Term Debt	<u><u>\$ -</u></u>	<u><u>\$ 844,425</u></u>	<u><u>\$ (844,425)</u></u>	(100.0%)

Net decrease to long-term debt of \$844,425, or 100.0%, is a result of the remaining portion of the note payable to Mechanics Bank maturing in October 2023.

Lease Obligations

Long-term lease obligations at June 30, 2023 and 2022, consist of the following:

	<u>2023</u>	<u>2022</u>	<u>Changes</u>	<u>% Changes</u>
Occupancy leases	\$ 1,281,815	\$ 1,553,584	\$ (271,769)	(17.5%)
Equipment leases	9,100	28,451	(19,351)	(68.0%)
Less: current portion	<u>264,654</u>	<u>291,117</u>	<u>(26,463)</u>	(9.1%)
Total Long-Term Lease Obligations	<u><u>\$ 1,026,261</u></u>	<u><u>\$ 1,290,918</u></u>	<u><u>\$ (264,657)</u></u>	(20.5%)

Net decrease to long-term lease obligations of \$264,657, or 20.5%, is a result of payments made during the year in accordance with occupancy and equipment lease agreements.

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

FACTORS AFFECTING FUTURE PERIODS

The Agency significantly expanded its mental health services division with the addition of several contracts 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. This funding is potentially renewable, based on contract performance.

The Agency recently received two new major grants for street outreach for homeless youth—California Office of Emergency Services (CalOES) and Housing and Urban Development's Youth Homeless Demonstration Program (YHDP). These replace other government grants that expired. The HUD grant is renewable, based on performance.

The Agency is moving forward with the development of a new homeless shelter for single women and families with children in Monterey made possible by a large donation in FY 2021-22 and a successful capital campaign in FY 2022-23. Facilities improvements at Shuman HeartHouse began in November 2022 and were completed in October 2023, with the shelter slated to open in November 2023. Additional funding will need to be sought for shelter operations in the future.

Homeless Housing Assistance and Prevention (HHAP) will be fully utilized in FY 2023-24, requiring the Agency and Gathering for Women, our partner in this project, to seek additional funding for ongoing shelter operations for Casa de Noche Buena. With the focus of State and Federal funding shifting to permanent housing solutions, the focus of our fundraising will be private philanthropy. As such, the Agency recently expanded its Development Department to assist in fundraising efforts. This strategy will help to lessen the reliance on government funding for programs.

The Agency, like many employers, is facing a challenging hiring environment and will be conducting a salary study in FY 2023-24 to examine parity with other agencies. This will likely result in higher wages for Agency staff.

Having added several new programs over the past few years, CHS recently hired a Chief Operating Officer to better support our substance abuse, mental health and homeless programs.

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, 2023

	ASSETS		
	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,735,515	\$ -	\$ -
Contracts and grants receivable, net - Note 4	192,792	52,840	443,739
Prepaid expenses	119,740	-	-
Investments - Note 2	1,069,697	-	-
Due from other funds	7,030,852	-	2,946,628
TOTAL CURRENT ASSETS	12,148,596	52,840	3,390,367
PROPERTY AND EQUIPMENT - net - Note 5	35,998	1,879,737	-
RIGHT OF USE LEASE ASSETS - net - Note 7	1,057,347	35,824	109,461
TOTAL ASSETS	<u>\$ 13,241,941</u>	<u>\$ 1,968,401</u>	<u>\$ 3,499,828</u>
	LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES			
Accounts payable	\$ 401,307	\$ -	\$ -
Accrued retirement payable	50,491	-	-
Unearned revenue	349,554	-	-
Due to other funds	-	2,693,527	-
Current portion of notes payable - Note 6	-	843,319	-
Accrued vacation payable	242,250	-	-
Current portion of lease obligations - Note 7	107,330	24,527	74,495
TOTAL CURRENT LIABILITIES	1,150,932	3,561,373	74,495
NONCURRENT LIABILITIES			
Lease obligations - net of current portion - Note 7	974,666	12,203	37,766
TOTAL NONCURRENT LIABILITIES	974,666	12,203	37,766
TOTAL LIABILITIES	2,125,598	3,573,576	112,261
NET POSITION			
Net investment in capital assets	35,998	1,036,418	11,844
Restricted for narcotic prevention	-	-	2,766,959
Unrestricted	11,080,345	(2,641,593)	608,764
TOTAL NET POSITION	11,116,343	(1,605,175)	3,387,567
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,241,941</u>	<u>\$ 1,968,401</u>	<u>\$ 3,499,828</u>

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

COMMUNITY HUMAN SERVICES

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

JUNE 30, 2023

	ASSETS		
	Counseling Services	Other Non-major Funds	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 3,735,515
Contracts and grants receivable, net - Note 4	24,347	222,547	936,265
Prepaid expenses	-	-	119,740
Investments - Note 2	-	-	1,069,697
Due from other funds	-	-	9,977,480
TOTAL CURRENT ASSETS	24,347	222,547	15,838,697
PROPERTY AND EQUIPMENT - net - Note 5	226,442	6,582,057	8,724,234
RIGHT OF USE LEASE ASSETS - net - Note 7	-	58,554	1,261,186
TOTAL ASSETS	<u>\$ 250,789</u>	<u>\$ 6,863,158</u>	<u>\$ 25,824,117</u>
	LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 401,307
Accrued retirement payable	-	-	50,491
Unearned revenue	-	3,784,200	4,133,754
Due to other funds	2,380,427	4,903,526	9,977,480
Current portion of notes payable - Note 6	-	-	843,319
Accrued vacation payable	-	-	242,250
Current portion of lease obligations - Note 7	-	58,302	264,654
TOTAL CURRENT LIABILITIES	2,380,427	8,746,028	15,913,255
NONCURRENT LIABILITIES			
Lease obligations - net of current portion - Note 7	-	1,626	1,026,261
TOTAL NONCURRENT LIABILITIES	-	1,626	1,026,261
TOTAL LIABILITIES	2,380,427	8,747,654	16,939,516
NET POSITION			
Net investment in capital assets	226,442	6,582,057	7,892,759
Restricted for narcotic prevention	-	-	2,766,959
Unrestricted	(2,356,080)	(8,466,553)	(1,775,117)
TOTAL NET POSITION	(2,129,638)	(1,884,496)	8,884,601
TOTAL LIABILITIES AND NET POSITION	<u>\$ 250,789</u>	<u>\$ 6,863,158</u>	<u>\$ 25,824,117</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, 2023

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
OPERATING REVENUES			
Public grants and contracts - net	\$ 40,000	\$ 3,844,544	\$ 2,041,257
Charges and fees	-	96,481	88,140
Total Operating Revenues	<u>40,000</u>	<u>3,941,025</u>	<u>2,129,397</u>
OPERATING EXPENSES			
Salaries	857,304	2,047,017	818,377
Employee benefits	201,933	380,513	219,951
Facilities rental	133,116	97,586	76,042
Professional fees	44,980	86,327	81,168
Utilities and maintenance	49,818	344,993	86,136
Operating supplies	82,326	69,175	26,028
Medical supplies and laboratory fees	-	7,076	88,708
Client assistance	-	12,707	-
Food and hygiene	16,783	102,453	79
Insurance	9,306	30,949	8,021
Auto and travel	5,084	17,453	424
Communications	9,235	23,120	8,917
Conferences and meetings	18,153	1,301	224
Advertising	8,164	-	-
Equipment rental	7,041	9,021	2,320
Miscellaneous	11,127	-	-
Dues, licenses and fees	31,945	8,368	24,671
Printing and publications	5,322	3,001	4,169
Depreciation	4,444	95,529	1,852
Total Operating Expenses	<u>1,496,081</u>	<u>3,336,589</u>	<u>1,447,087</u>
OPERATING INCOME (LOSS)	<u>(1,456,081)</u>	<u>604,436</u>	<u>682,310</u>
NONOPERATING REVENUES (EXPENSES)			
Joint Powers Agency support	238,000	-	-
Private grants and contributions	2,210,302	125	200
Other local sources	73,088	-	-
Interest expense	-	(54,537)	-
Total Nonoperating Revenues (Expenses)	<u>2,521,390</u>	<u>(54,412)</u>	<u>200</u>
INCOME (LOSS) BEFORE TRANSFERS	1,065,309	550,024	682,510
Expenses transferred from (to) other funds	(1,466,999)	559,901	239,373
CHANGES IN NET POSITION	2,532,308	(9,877)	443,137
NET POSITION, BEGINNING OF YEAR	<u>8,584,035</u>	<u>(1,595,298)</u>	<u>2,944,430</u>
NET POSITION, END OF YEAR	<u>\$ 11,116,343</u>	<u>\$ (1,605,175)</u>	<u>\$ 3,387,567</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, 2023

	Counseling Services	Other Non-Major Funds	Total
OPERATING REVENUES			
Public grants and contracts - net	\$ 2,115,432	\$ 1,799,891	\$ 9,841,124
Charges and fees	-	81,628	266,249
Total Operating Revenues	2,115,432	1,881,519	10,107,373
OPERATING EXPENSES			
Salaries	929,027	1,095,486	5,747,211
Employee benefits	195,541	203,800	1,201,738
Facilities rental	48,712	14,670	370,126
Professional fees	213,512	52,419	478,406
Utilities and maintenance	199,832	210,995	891,774
Operating supplies	234,059	36,904	448,492
Medical supplies and laboratory fees	-	414	96,198
Client assistance	-	83,009	95,716
Food and hygiene	144	81,677	201,136
Insurance	11,480	28,922	88,678
Auto and travel	2,080	17,627	42,668
Communications	14,743	26,802	82,817
Conferences and meetings	1,080	609	21,367
Advertising	1,352	2,800	12,316
Equipment rental	3,671	6,333	28,386
Miscellaneous	-	-	11,127
Dues, licenses and fees	7,567	4,393	76,944
Printing and publications	1,346	2,389	16,227
Depreciation	8,624	297,945	408,394
Total Operating Expenses	1,872,770	2,167,194	10,319,721
OPERATING INCOME (LOSS)	242,662	(285,675)	(212,348)
NONOPERATING REVENUES (EXPENSES)			
Joint Powers Agency support	-	-	238,000
Private grants and contributions	25,000	282,490	2,518,117
Other local sources	-	16,795	89,883
Interest expense	-	(64,384)	(118,921)
Total Nonoperating Revenues (Expenses)	25,000	234,901	2,727,079
INCOME (LOSS) BEFORE TRANSFERS	267,662	(50,774)	2,514,731
Expenses transferred from (to) other funds	297,175	370,550	-
CHANGES IN NET POSITION	(29,513)	(421,324)	2,514,731
NET POSITION, BEGINNING OF YEAR	(2,100,125)	(1,463,172)	6,369,870
NET POSITION, END OF YEAR	\$ (2,129,638)	\$ (1,884,496)	\$ 8,884,601

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, 2023

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from clients	\$ -	\$ 96,481	\$ 88,140
Cash receipts from public contracts	(152,792)	4,293,488	1,985,814
Cash payments to suppliers and employees	(1,246,510)	(3,240,941)	(1,444,794)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(1,399,302)</u>	<u>1,149,028</u>	<u>629,160</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on long-term debt	-	(31,540)	-
Interest paid on debt	-	(54,537)	-
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(86,077)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain on sale of equipment	-	-	-
Investment earnings	(31,993)	-	-
Investment purchases	(628,522)	-	-
Cash payments for acquisition of capital assets	(40,441)	(65,306)	-
NET CASH USED FOR INVESTING ACTIVITIES	<u>(700,956)</u>	<u>(65,306)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Net payments for long-term deposits	-	-	-
Joint Powers Agency support	238,000	-	-
Cash receipts from private grants and contributions	2,548,135	125	200
Other local sources- net	73,088	-	-
Cash receipts from (paid to) other funds	1,850,209	(997,770)	(629,360)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>4,709,432</u>	<u>(997,645)</u>	<u>(629,160)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,609,174	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,126,341	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,735,515</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, 2023

	Counseling Services	Other Non-major Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from clients	\$ -	\$ 81,628	\$ 266,249
Cash receipts from public contracts	2,303,351	1,767,558	10,197,419
Cash payments to suppliers and employees	(1,864,146)	(1,869,263)	(9,665,652)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>439,205</u>	<u>(20,077)</u>	<u>798,014</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on long-term debt	-	(2,000,000)	(2,031,540)
Interest paid on debt	-	(64,384)	(118,921)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(2,064,384)</u>	<u>(2,150,461)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain on sale of equipment	-	-	-
Investment earnings	-	-	(31,993)
Investment purchases	-	-	(628,522)
Cash payments for acquisition of capital assets	-	(1,807,405)	(1,913,152)
NET CASH USED FOR INVESTING ACTIVITIES	<u>-</u>	<u>(1,807,405)</u>	<u>(2,573,667)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Net payments for long-term deposits	-	-	-
Joint Powers Agency support	-	-	238,000
Cash receipts from private grants and contributions	25,000	3,633,941	6,207,401
Other local sources- net	-	16,795	89,883
Cash receipts from (paid to) other funds	(464,205)	241,130	4
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>(439,205)</u>	<u>3,891,866</u>	<u>6,535,288</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	2,609,174
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-	1,126,341
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,735,515</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, 2023

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,456,081)	\$ 604,436	\$ 682,310
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	4,444	95,529	1,852
Charge-off of uncollectible receivable	-	113,997	-
Change in operating lease assets and liabilities	29,181	119	441
(Increase) decrease in assets:			
Contracts and grants receivable	(192,792)	334,947	(55,443)
Prepaid expenses	(22,956)	-	-
Increase (decrease) in liabilities:			
Accounts payable	200,053	-	-
Accrued retirement payable	6,176	-	-
Accrued vacation payable	32,673	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (1,399,302)</u>	<u>\$ 1,149,028</u>	<u>\$ 629,160</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, 2023

	Counseling Services	Other Non-major Funds	Total
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating income (loss)	\$ 242,662	\$ (285,675)	\$ (212,348)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	8,624	297,945	408,394
Charge-off of uncollectible receivable	82,382	-	196,379
Change in operating lease assets and liabilities	-	(14)	29,729
(Increase) decrease in assets:			
Contracts and grants receivable	105,537	(32,333)	159,916
Prepaid expenses	-	-	(22,956)
Increase (decrease) in liabilities:			
Accounts payable	-	-	200,053
Accrued retirement payable	-	-	6,176
Accrued vacation payable	-	-	32,673
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 439,205</u>	<u>\$ (20,077)</u>	<u>\$ 798,014</u>

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

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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 Residential 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, King City Union School District, and Santa Rita 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, 2023

1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Major Funds (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

Monterey Peninsula 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 18–24. 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.

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

Salinas Valley Street Outreach Program – 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.

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.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Non-Major Funds (Continued)

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. The allowance for doubtful accounts was \$728,878 as of June 30, 2023.

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, 2023

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.

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 2018 and forward may be audited by regulatory agencies, however, the Agency is not aware of any such actions at this time.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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”.

Subsequent Events

The Agency's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through November 9, 2023, which is the date the financial statements were available to be issued.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2023, consist of the following:

	<u>Amount</u>
Checking and savings	\$ 3,732,817
Investments	<u>1,069,697</u>
Total	<u>\$ 4,802,514</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, 2023, the total carrying amount was \$3,732,817 with a corresponding bank balance of \$3,874,034. The Agency's bank balances that were exposed to custodial credit risk totaled \$3,374,034.

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, 2023, the Agency has investment balances of \$1,053,553 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, 2023, the Agency holds its 2% investment in Fidelity mutual funds and 98% in Community Human Services' Stewardship Fund with the Community Foundation for Monterey County.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023:

<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	\$ 16,144	\$ 16,144	\$ -	\$ -	\$ -
Community Human Services Stewardship Fund	1,053,553	-	-	-	1,053,553
	<u>\$ 1,069,697</u>	<u>\$ 16,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,053,553</u>

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

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023, consist of the following:

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program	Counseling Services	Other Non-Major Funds	Total
General operating	\$ 192,792	\$ -	\$ -	\$ -	\$ -	\$ 192,792
DAISY Program	-	9,607	-	-	-	9,607
Genesis House						
Residential	-	309,055	-	-	-	309,055
Mental Health Services						
Acts Program	-	-	-	7,881	-	7,881
Off Main Clinic						
Methadone Program	-	-	443,739	-	-	443,739
Outpatient Drug Free	-	212,992	-	-	-	212,992
Outpatient Mental						
Health Program	-	-	-	156,949	-	156,949
Parent Education	-	-	-	16,163	-	16,163
Safe Place	-	-	-	-	57,518	57,518
Casa de Noche Buena	-	-	-	-	165,029	165,029
Short-term Therapeutic						
Service	-	-	-	55,413	-	55,413
CONNECT	-	-	-	10,092	-	10,092
Family Support Groups	-	-	-	6,250	-	6,250
Outreach and						
Engagement	-	-	-	21,663	-	21,663
	<u>192,792</u>	<u>531,654</u>	<u>443,739</u>	<u>274,411</u>	<u>222,547</u>	<u>1,665,143</u>
Less: Allowance for						
Doubtful Accounts	<u>-</u>	<u>(478,814)</u>	<u>-</u>	<u>(250,064)</u>	<u>-</u>	<u>(728,878)</u>
Contracts and grants						
Receivable - Net	<u>\$ 192,792</u>	<u>\$ 52,840</u>	<u>\$ 443,739</u>	<u>\$ 24,347</u>	<u>\$ 222,547</u>	<u>\$ 936,265</u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. CAPITAL ASSETS

Capital assets at June 30, 2023, are summarized as follows:

	<u>Balance July 1, 2022</u>	<u>Net Additions (Disposals)</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:			
Land	\$ 1,948,995	\$ -	\$ 1,948,995
Construction in progress	<u>103,371</u>	<u>1,782,431</u>	<u>1,885,802</u>
Total Capital Assets, Not Being Depreciated	<u>2,052,366</u>	<u>1,782,431</u>	<u>3,834,797</u>
Capital Assets Being Depreciated:			
Buildings and improvements	5,586,299	90,727	5,677,026
Office equipment	36,294	-	36,294
Transportation equipment	251,588		251,588
Furniture and fixtures	186,118	-	186,118
Leasehold improvements	1,768,567		1,768,567
Operating and other equipment	<u>15,394</u>	<u>39,996</u>	<u>55,390</u>
Subtotal	7,844,260	130,723	7,974,983
Less accumulated depreciation	<u>2,677,152</u>	<u>408,394</u>	<u>3,085,546</u>
Total Capital Assets, Being Depreciated	<u>5,167,108</u>	<u>(277,671)</u>	<u>4,889,437</u>
Capital Assets – Net	<u>\$ 7,219,474</u>	<u>\$ 1,504,760</u>	<u>\$ 8,724,234</u>

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

	<u>Amount</u>
Operating fund	\$ 4,444
Prevention and treatment of substance abuse program	95,529
Narcotic treatment program	1,852
Counseling services	8,624
Other non-major funds	<u>297,945</u>
TOTAL	<u>\$ 408,394</u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

6. NOTES PAYABLE

At June 30, 2023, 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 October 2023 at which time all outstanding principal and interest are due and payable.

At June 30, 2023, 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 note was fully paid as of March 17, 2023.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 843,319	\$ 18,105
TOTAL	<u>\$ 843,319</u>	<u>\$ 18,105</u>

Total interest charged to expense during the year ended June 30, 2023, amounted to \$118,921.

Under the terms of the credit agreement, there are various reporting and financial covenants. At June 30, 2023, the Agency was in compliance with the debt covenants.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

7. RIGHT OF USE LEASE ASSETS AND LONG-TERM LEASE OBLIGATIONS

Right of Use Lease Assets

The Agency has recorded 16 right of use lease assets. The assets are right to use assets for leased buildings, office space and equipment. The related leases are discussed in the long-term obligations subsection of this note. The right to use lease assets are amortized on a straight-line basis over the remaining terms of the related leases.

Right of use asset activity for the Agency for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Net</u> <u>Additions</u> <u>(Disposals)</u>	<u>Balance</u> <u>June 30, 2023</u>
Right of use assets:			
Buildings and office space	\$ 1,804,244	\$ -	\$ 1,804,244
Office and other equipment	<u>48,305</u>	<u>-</u>	<u>48,305</u>
Total right of use assets	<u>1,852,549</u>	<u>-</u>	<u>1,852,549</u>
Less accumulated amortization for:			
Buildings and office space	250,639	301,506	552,145
Office and other equipment	<u>19,875</u>	<u>19,343</u>	<u>39,218</u>
Total accumulated amortization	<u>270,514</u>	<u>320,849</u>	<u>591,363</u>
Right of Use Assets – net	<u>\$ 1,582,035</u>	<u>\$ (320,849)</u>	<u>\$ 1,261,186</u>

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

	<u>Amount</u>
Operating fund	\$ 140,882
Prevention and treatment of substance abuse program	45,920
Narcotic treatment program	72,974
Counseling services	-
Other non-major funds	<u>61,072</u>
TOTAL	<u><u>\$ 320,848</u></u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. RIGHT OF USE LEASE ASSETS AND LONG-TERM LEASE OBLIGATIONS
(Continued)

Long-Term Lease Obligations

The Agency has entered into agreements to lease certain buildings, office space, and office and other equipment for its Outpatient Drug Treatment Programs, Off Main Clinic Methadone Program and Family Service Center Salinas counseling office, Salinas Valley Street Outreach Program office, Sober Living Residential Program as well as its administrative office. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The occupancy leases were executed in fiscal years ended June 30, 2020, 2021 and 2022, with lease terms ranging from January 2020 to September 2032. Monthly payments range from \$1,061 to \$10,800. The lease liabilities are measured at a discount rate of 0.2%, since there is no stated discount rate included in the occupancy leases. There are no variable components of the leases.

The office and other equipment leases were executed in fiscal years ended June 30, 2018, 2019, 2020, 2021 and 2022, with lease terms ranging from February 2023 to May 2025. Monthly payments range from \$47 to \$370. The lease liabilities are measured at a discount rate of 0.2%, since there is no stated discount rate is included in the equipment leases. There are no variable components of the leases.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 264,654	\$ 2,336	\$ 266,990
2025	158,740	1,882	160,622
2026	109,965	1,635	111,600
2027	113,068	1,412	114,480
2028	116,178	1,183	117,361
Thereafter	<u>528,310</u>	<u>2,329</u>	<u>530,639</u>
	<u>\$ 1,290,915</u>	<u>\$ 10,777</u>	<u>\$ 1,301,692</u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

8. 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, 2022 – June 30, 2023	\$ 70,000	\$ -	\$ 70,000
County of Monterey DSS, Community Action Partnership Youth Shelter July 1, 2022 – June 30, 2023	\$ 30,000	\$ -	\$ 30,000
County of Monterey DSS, Community Action Partnership Casa de Noche Buena July 1, 2022 – June 30, 2023	\$ 100,000	\$ -	\$ 100,000
County of Monterey DSS, Parent Education July 1, 2022 – June 30, 2023	\$ 91,045	\$ 91,045	\$ -
County of Monterey DSS, Commercially Sexually Exploited Children July 1, 2022 – June 30, 2023	\$ 25,951	\$ 25,951	\$ -

9. 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, 2023.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

9. COMMITMENTS AND CONTINGENCIES (Continued)

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, 2023.

10. 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 \$20,500 for 2023, with an additional \$6,500 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 \$267,060 for the year ended June 30, 2023, and is equal to 100% of the required contribution. Total payroll was \$5,747,211 and covered payroll was \$5,190,930.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

11. 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

12. SUBSEQUENT EVENT

The Shuman HeartHouse emergency shelter for low-income single women and families with children officially opened on November 6, 2023, and began accepting clients from its waiting list that day. Shuman HeartHouse can accommodate 35 people and offers shelter, meals and a variety of support services designed to lead to permanent housing. It is the first shelter of its kind in the city of Monterey, and its operations will be funded through a variety of sources including private donations and city, county and state grants and contracts.

SUPPLEMENTARY INFORMATION

COMMUNITY HUMAN SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (USHHS)			
Passed-Through:			
County of Monterey, California			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A-14018	
Residential Program			\$ 336,800
Youth Treatment Program			105,182
Total Prevention and Treatment Clusters			<u>441,982</u>
Foster Care Title IV-E (CSEC)	93.658	[1]	25,951
Promoting Safe and Stable Families	93.556	[1]	91,045
Total USHHS			<u>558,978</u>
U.S. HOUSING AND URBAN DEVELOPMENT (USHUD)			
Passed-Through:			
City of Salinas			
Emergency Solutions Grant	14.231	[1]	75,000
Cities of Salinas, Seaside and Monterey, California			
Community Development Block Grant	14.218	[1]	379,566
Direct Program:			
Supportive Housing Program			
Transitional Housing	14.235	[1]	130,574
Youth Homelessness			
Demonstration Program	14.276	CA2072Y9T061900	197,968
Total USHUD			<u>783,108</u>
Total Expenditures of Federal Awards			<u>\$ 1,342,086</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, 2023

	General	Counseling Services								Prevention and Treatment of Substance Abuse					Prevention and Substance Abuse
		MHSA Parent Education	Outpatient Mental Health Counseling	Pathways to Safety	Micro Innovation	Short-term Therapeutic Services	CONNECT	SuperKids/ SuperTeens	Family Support Groups	Outreach and Engagement	Genesis House Residential	OTC - Salinas	OTC - Monterey	Sober Living	DAISY Program
REVENUES															
Public grants and contracts - net	\$ 40,000	\$ 109,316	\$ 904,622	\$ -	\$ 12,500	\$ 665,000	\$ 73,045	\$ 43,842	\$ 56,953	\$ 250,154	\$ 1,823,221	\$ 354,198	\$ 398,912	\$ 3,400	\$ 240,882
Charges and fees	-	-	-	-	-	-	-	-	-	-	-	1,130	8,500	86,851	-
Joint Powers Agency	238,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private grants and contributions	2,210,302	-	25,000	-	-	-	-	-	-	-	125	-	-	-	-
Other local sources	73,088	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	2,561,390	109,316	929,622	-	12,500	665,000	73,045	43,842	56,953	250,154	1,823,346	355,328	407,412	90,251	240,882
EXPENSES															
Salaries	857,304	47,456	455,876	-	1,234	349,392	41,836	31,605	-	1,628	809,465	182,245	198,004	-	158,218
Employee benefits	201,933	9,335	98,418	-	330	68,267	8,980	9,779	22	410	136,521	41,495	35,061	-	36,123
Facilities rental	133,116	4,482	23,613	-	-	15,239	3,137	-	2,241	-	1,609	24,036	43,045	28,896	-
Professional fees	44,980	376	36,938	-	140	18,545	260	1,364	38,398	117,491	32,320	24,616	19,876	317	3,697
Utilities and maintenance	49,818	15,645	91,899	-	-	78,748	7,532	-	6,008	-	239,118	28,569	23,513	24,589	4,975
Operating supplies	82,326	11,598	67,170	-	8,877	45,985	1,154	-	825	98,450	53,986	6,533	2,910	445	1,320
Medical supplies and laboratory fees	-	-	-	-	-	-	-	-	-	-	5,639	1,102	335	-	-
Food and hygiene	16,783	-	26	-	-	-	-	-	-	118	100,817	89	329	-	976
Client assistance	-	-	-	-	-	-	-	-	-	-	9,307	-	-	3,400	-
Insurance	9,306	797	4,753	-	-	3,841	531	107	411	1,040	18,450	2,061	2,207	1,997	1,405
Auto and travel	5,084	228	402	-	158	879	-	392	-	21	12,413	-	-	-	157
Communications	9,235	1,833	6,735	-	-	4,564	940	-	671	-	6,810	3,637	2,463	8,496	1,714
Conferences and meetings	18,153	990	70	-	-	20	-	-	-	-	1,130	35	-	-	-
Advertising	8,164	-	676	-	-	676	-	-	-	-	-	-	-	-	-
Equipment rental	7,041	367	1,615	-	-	1,248	257	-	184	-	5,163	1,835	2,023	-	-
Miscellaneous	11,127	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues, licenses and fees	31,945	1,018	4,261	-	-	1,553	507	-	228	-	392	3,986	3,990	-	-
Printing and publications	5,322	135	592	-	-	458	94	-	67	-	1,554	673	510	-	6
Interest - net	-	-	-	-	-	-	-	-	-	-	54,537	-	-	-	-
Total before depreciation	1,491,637	94,260	793,044	-	10,739	589,415	65,228	43,247	49,055	219,158	1,489,231	320,912	334,266	68,140	208,591
Depreciation	4,444	-	8,624	-	-	-	-	-	-	-	78,463	-	-	17,066	-
Total Expenses	1,496,081	94,260	801,668	-	10,739	589,415	65,228	43,247	49,055	219,158	1,567,694	320,912	334,266	85,206	208,591
Net income before distribution	1,065,309	15,056	127,954	-	1,761	75,585	7,817	595	7,898	30,996	255,652	34,416	73,146	5,045	32,291
Management distribution	(1,466,999)	15,058	127,955	-	1,762	95,191	10,777	7,537	7,900	30,995	256,724	53,054	55,415	14,268	34,946
NET INCOME (LOSS)	\$ 2,532,308	\$ (2)	\$ (1)	\$ -	\$ (1)	\$ (19,606)	\$ (2,960)	\$ (6,942)	\$ (2)	\$ 1	\$ (1,072)	\$ (18,638)	\$ 17,731	\$ (9,223)	\$ (2,655)

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, 2023

	d Treatment of ise (Continued)		Other Non-Major								Total
	Substance Use Prevention Program	Narcotic Treatment Program	Monterey Peninsula Street Outreach	Safe Passage	Safe Place Youth Shelter	Casa de Noche Buena	Heart House	Supervised Visitation	Salinas Valley Street Outreach	Domestic Violence	
REVENUES											
Public grants and contracts - net	\$ 1,023,931	\$ 2,041,257	\$ 436,773	\$ 158,708	\$ 30,000	\$ 668,945	\$ -	\$ 34,994	\$ 435,465	\$ 35,006	\$ 9,841,124
Charges and fees	-	88,140	-	7,819	-	-	8,400	26,174	-	39,235	266,249
Joint Powers Agency	-	-	-	-	-	-	-	-	-	-	238,000
Private grants and contributions	-	200	16,542	10,000	23,351	115,532	109,467	-	7,598	-	2,518,117
Other local sources	-	-	-	14,545	-	-	2,250	-	-	-	89,883
TOTAL REVENUES	1,023,931	2,129,597	453,315	191,072	53,351	784,477	120,117	61,168	443,063	74,241	12,953,373
EXPENSES											
Salaries	699,085	818,377	180,386	151,281	96,951	350,125	-	27,298	260,248	29,197	5,747,211
Employee benefits	131,313	219,951	49,060	28,533	11,507	61,146	-	2,509	48,964	2,081	1,201,738
Facilities rental	-	76,042	100	80	33	895	458	-	13,104	-	370,126
Professional fees	5,501	81,168	8,388	1,039	2,146	36,903	835	1,468	1,499	141	478,406
Utilities and maintenance	24,229	86,136	31,123	37,802	15,397	89,464	17,963	4,975	12,014	2,257	891,774
Operating supplies	3,981	26,028	6,561	5,188	775	13,055	8,273	860	2,033	159	448,492
Medical supplies and laboratory fees	-	88,708	-	-	-	414	-	-	-	-	96,198
Food and hygiene	242	79	6,301	5,602	439	68,190	-	-	1,145	-	201,136
Client assistance	-	-	1,911	8	-	9,614	-	-	71,476	-	95,716
Insurance	4,829	8,021	7,315	4,082	1,110	6,648	3,108	163	6,286	210	88,678
Auto and travel	4,883	424	3,920	1,413	-	2,210	16	538	9,530	-	42,668
Communications	-	8,917	6,388	5,573	1,344	4,168	-	1,580	7,749	-	82,817
Conferences and meetings	136	224	31	-	35	289	-	-	254	-	21,367
Advertising	-	-	-	-	896	1,904	-	-	-	-	12,316
Equipment rental	-	2,320	1,377	-	459	2,307	-	-	2,190	-	28,386
Miscellaneous	-	-	-	-	-	-	-	-	-	-	11,127
Dues, licenses and fees	-	24,671	1,516	253	-	556	-	-	1,606	462	76,944
Printing and publications	258	4,169	748	-	-	381	681	-	579	-	16,227
Interest - net	-	-	-	-	-	-	64,384	-	-	-	118,921
Total before depreciation	874,457	1,445,235	305,125	240,854	131,092	648,269	95,718	39,391	438,677	34,507	10,030,248
Depreciation	-	1,852	44,568	16,062	-	175,496	51,250	-	10,569	-	408,394
Total Expenses	874,457	1,447,087	349,693	256,916	131,092	823,765	146,968	39,391	449,246	34,507	10,438,642
Net income before distribution	149,474	682,510	103,622	(65,844)	(77,741)	(39,288)	(26,851)	21,777	(6,183)	39,734	2,514,731
Management distribution	145,494	239,373	58,247	42,935	21,762	137,353	24,400	6,647	73,445	5,761	-
NET INCOME (LOSS)	\$ 3,980	\$ 443,137	\$ 45,375	\$ (108,779)	\$ (99,503)	\$ (176,641)	\$ (51,251)	\$ 15,130	\$ (79,628)	\$ 33,973	\$ 2,514,731

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, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Public grants and contracts	\$ 9,956,689	\$ 9,841,124	\$ (115,565)
Charges and fees	307,372	266,249	(41,123)
Total operating revenues	10,264,061	10,107,373	(156,688)
OPERATING EXPENSES			
Salaries	6,125,726	5,747,211	378,515
Employee benefits	1,341,118	1,201,738	139,380
Facilities rental, utilities and maintenance	1,029,931	1,261,900	(231,969)
Professional fees	452,171	478,406	(26,235)
Operating supplies	290,090	448,492	(158,402)
Food and hygiene	178,514	201,136	(22,622)
Client assistance	-	95,716	(95,716)
Depreciation	409,189	408,394	795
Equipment rental	48,593	28,386	20,207
Communications	96,397	82,817	13,580
Insurance	85,011	88,678	(3,667)
Medical supplies and laboratory fees	86,855	96,198	(9,343)
Conferences and meetings	51,735	21,367	30,368
Auto and travel	58,281	42,668	15,613
Dues, licenses and fees	90,698	76,944	13,754
Advertising	42,219	28,543	13,676
Miscellaneous	64,498	11,127	53,371
Total Operating Expenses	10,451,026	10,319,721	131,305
OPERATING GAIN (LOSS)	(186,965)	(212,348)	(25,383)
NONOPERATING REVENUES (EXPENSES)			
Joint Powers Agency support	202,375	238,000	35,625
Private grants and contributions	287,412	2,518,117	2,230,705
Other local sources	12,000	89,883	77,883
Interest expense	(129,787)	(118,921)	10,866
Total Nonoperating Revenues (Expenses)	372,000	2,727,079	2,355,079
CHANGES IN NET POSITION	\$ 185,035	2,514,731	\$ 2,329,696
NET POSITION, BEGINNING OF YEAR		6,369,870	
NET POSITION, END OF YEAR		\$ 8,884,601	

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

COMMUNITY HUMAN SERVICES
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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



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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, 2023, and the related notes to the financial statements, which collectively comprise Community Human Services' basic financial statements, and have issued our report thereon dated November 9, 2023.

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
November 9, 2023



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

Board of Directors
Community Human Services
Monterey, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Human Services' (Agency) compliance with the types of compliance requirements as identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Human Services' major federal programs for the year ended June 30, 2023. Community Human Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Human Services and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Human Services' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Human Services' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Human Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Human Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Human Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Human Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Community Human Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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.

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Salinas, California
November 9, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMMUNITY HUMAN SERVICES
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENTS

Type of auditors' 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 auditors' 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>No</u>

COMMUNITY HUMAN SERVICES
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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, 2023

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 finding or questioned costs.