

COMMUNITY HUMAN SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

COMMUNITY HUMAN SERVICES

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COMMUNITY HUMAN SERVICES

BOARD OF DIRECTORS

FOR THE YEAR ENDED JUNE 30, 2024

<u>AGENCIES</u>	<u>PRIMARIES</u>	<u>ALTERNATE</u>
City of Carmel	Jeff Baron	Vacant
City of Del Rey Oaks	Jeremy Hallock	Vacant
City of Marina	Brian McCarthy	Bruce C. Delgado
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	Karl Pallastrini
Monterey Peninsula Unified School District	Dr. Bettye Lusk	Dr. Amanda Whitmire
Pacific Grove Unified School District	Jennifer McNary	Carolyn Swanson
Monterey Peninsula Community College District	Loren Steck	Debeliah Anthony
North Monterey County Unified School District	Ricardo Diaz, Jr.	Angelo DiMarco
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	Michael Urquides	Vacant



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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, 2024, 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 the Agency, as of June 30, 2024, and the respective changes in financial position and cash flows 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 6-14 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 December 19, 2024, 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
December 19, 2024

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024. 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 16. Comparisons to and analysis of the prior year are incorporated where appropriate.

FINANCIAL HIGHLIGHTS

- The Agency's net position increased by \$3,352,556 (or 37.73%) during 2024. Since the Agency engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$12,237,157 and \$8,884,601 for 2024 and 2023, respectively.
- The Agency's return on total ending net position was 37.7%.
- Total cost of all the Agency's programs was \$11,849,795 and \$10,438,642 for 2024 and 2023, 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, 2024

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 Residential Drug Treatment Program
- Sober Living Programs (2)
- Drug and Alcohol Intervention Services for Youth (DAISY) Program
- Outpatient Drug Treatment Centers in Salinas and Monterey (2)
- 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, 2024

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
- Parent Education Program
- Short-Term Therapeutic Services
- Outreach and Engagement
- CONNECT Parenting Program

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>2024</u>	<u>2023</u>	<u>Changes</u>	<u>% Changes</u>
Assets				
Current assets	\$ 19,934,669	\$ 15,838,697	\$ 4,095,972	25.9%
Capital and other assets	<u>11,527,743</u>	<u>9,985,420</u>	<u>1,542,323</u>	15.4%
Total Assets	<u>31,462,412</u>	<u>25,824,117</u>	<u>5,638,295</u>	21.8%

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

COMPARATIVE ANALYSIS (Continued)

Statement of Net Position (Continued)

	<u>2024</u>	<u>2023</u>	<u>Changes</u>	<u>% Changes</u>
Liabilities				
Current liabilities	\$ 16,913,523	\$ 15,913,255	\$ 1,000,268	6.3%
Long-term obligations	<u>2,311,732</u>	<u>1,026,261</u>	<u>1,285,471</u>	125.3%
Total Liabilities	<u>19,225,255</u>	<u>16,939,516</u>	<u>2,285,739</u>	13.5%
Net Position				
Net investment in capital assets	8,930,509	7,892,759	1,037,750	13.1%
Restricted	2,904,539	2,766,959	137,580	5.0%
Unrestricted	<u>402,109</u>	<u>(1,775,117)</u>	<u>2,177,226</u>	122.7%
Total Net Position	<u>\$ 12,237,157</u>	<u>\$ 8,884,601</u>	<u>\$ 3,352,556</u>	37.7%

Major Factors Affecting the Statement of Net Position

Current year's net position increased by \$3,352,556 from the prior year. Capital net income accounts for \$3,229,371 while the remaining \$123,185 is operating net income. The net position increase was related primarily to increases in public grants and contracts, as well as increases in private grants and contributions due to a major donation and capital campaign in fiscal year 2024 for the Shuman HeartHouse capital project and, to a lesser extent, Safe Place capital improvements.

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, 2024, is as follows:

	<u>2024</u>	<u>2023</u>	<u>Changes</u>	<u>% Changes</u>
Revenues				
Program revenues:				
Public grants and contracts	\$ 10,482,023	\$ 9,841,124	\$ 640,899	6.5%
Charges and fees	291,196	266,249	24,947	9.4%
Private grants and contributions	3,920,248	2,518,117	1,402,131	55.7%
Joint Powers Agency support	261,200	238,000	23,200	9.7%
Other revenue / (losses)	<u>247,684</u>	<u>89,883</u>	<u>157,801</u>	175.6%
Total Revenues	<u>15,202,351</u>	<u>12,953,373</u>	<u>2,248,978</u>	17.4%

COMMUNITY HUMAN SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

COMPARATIVE ANALYSIS (Continued)

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

	<u>2024</u>	<u>2023</u>	<u>Changes</u>	<u>% Changes</u>
Expenses				
General	\$ 1,934,037	\$ 1,496,081	\$ 437,956	29.3%
Off Main Clinic Methadone Program	1,367,218	1,447,087	(79,869)	(5.5%)
Genesis House Residential Program	1,647,554	1,567,694	79,860	5.1%
Access to Treatment Outpatient Mental Health Program	941,958	801,668	140,290	17.5%
Monterey Peninsula Street Outreach Program	262,114	349,693	(87,579)	(25.0%)
Safe Passage Program	267,225	256,916	10,309	4.0%
MHSA Parent Education	104,738	94,260	10,478	11.1%
DAISY Program	216,812	208,591	8,221	3.9%
Pathways to Safety Program	80,489	-	80,489	100.0%
Outpatient Drug Treatment Centers	644,495	655,178	(10,683)	(1.6%)
Safe Place Youth Shelter	148,413	131,092	17,321	13.2%
Supervised Visitation and Exchange Program	39,020	39,391	(371)	(0.9%)
Domestic Violence/Anger Management Program	49,703	34,507	15,196	44.0%
Sober Living	84,770	85,206	(436)	(0.5%)
SuperKids/Super Teens Program	-	43,247	(43,247)	(100.0%)
Substance Use Prevention Program	1,007,579	874,457	133,122	15.2%
Micro Innovation	-	10,739	(10,739)	(100.0%)
Salinas Valley Street Outreach Program	478,190	449,246	28,944	6.4%
Casa de Noche Buena	905,674	823,765	81,909	9.9%
Shuman HeartHouse	788,967	146,968	641,999	436.8%
Short-Term Therapeutic Services	543,770	589,415	(45,645)	(7.7%)
CONNECT	66,659	65,228	1,431	2.2%
Family Support Groups	-	49,055	(49,055)	(100.0%)
Outreach and Engagement	231,702	219,158	12,544	5.7%
Youth Navigation Center	<u>38,708</u>	<u>-</u>	<u>38,708</u>	100.0%
Total Expenses	<u>11,849,795</u>	<u>10,438,642</u>	<u>1,411,153</u>	13.5%
Change in Net Position	<u>\$ 3,352,556</u>	<u>\$ 2,514,731</u>	<u>\$ 837,825</u>	33.3%

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

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 \$2,248,978 from the prior year due primarily to increases in private grants and donations from a capital campaign for Shuman HeartHouse (SHH) that ended in November 2023.

Current year expenses increased by \$837,825 due primarily to new operations at Shuman HeartHouse (November 2023) and the Youth Navigation Center (March 2024) as well as resuming operations of Pathways to Safety in 2023-24. Also contributing to increased expenses were salaries and benefits associated with these new programs, new positions in CHS Administration (Bookkeeper II and Facilities Manager) and new positions added in the Development Department in 2022-23 that were filled for most of 2023-24.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the Agency had \$9,742,360 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase, including additions, deductions and depreciation, of 11.7% or \$1,018,126 from the prior year.

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

COMPARATIVE ANALYSIS (Continued)

Capital Assets and Debt Administration

Capital Assets (Continued)

	<u>2024</u>	<u>2023</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>-</u>	<u>1,885,802</u>	<u>(1,885,802)</u>	(100.0%)
Total capital assets, not being depreciated	<u>1,948,995</u>	<u>3,834,797</u>	<u>(1,885,802)</u>	(49.2%)
Capital assets, being depreciated:				
Buildings and Improvements	9,114,760	5,677,026	3,437,735	60.6%
Office Equipment	74,761	36,294	38,467	106.0%
Transportation Equipment	312,140	251,588	60,552	24.1%
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>55,390</u>	<u>-</u>	0.0%
Total capital assets, being depreciated	11,511,736	7,974,983	3,536,754	44.3%
Less accumulated depreciation	<u>3,718,371</u>	<u>3,085,546</u>	<u>632,825</u>	20.5%
Total capital assets, being depreciated – net	<u>7,793,365</u>	<u>4,889,437</u>	<u>2,903,928</u>	59.4%
Total Capital Assets	<u>\$ 9,742,360</u>	<u>\$ 8,724,234</u>	<u>\$ 1,018,126</u>	11.7%

Debt Outstanding

Long-term debt obligations at June 30, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>	<u>Changes</u>	<u>% Changes</u>
Note payable to Mechanics Bank				
Collateralized by Sonoma				
Avenue property	\$ -	\$ 843,319	\$ (843,319)	(100.0%)
Note payable to Pinnacle Bank				
Collateralized by Sonoma				
Avenue property	823,695	-	823,695	100.0%
Less: current portion	<u>35,764</u>	<u>843,319</u>	<u>(807,555)</u>	(95.8%)
Total Long-Term Debt	<u>\$ 787,931</u>	<u>\$ -</u>	<u>\$ 787,931</u>	(100.0%)

Net increase to long-term debt of \$787,931, or 100.0%, is a result of the new note payable to Pinnacle Bank maturing in December, 2038.

COMMUNITY HUMAN SERVICES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

COMPARATIVE ANALYSIS (Continued)

Capital Assets and Debt Administration (Continued)

Lease Obligations

Long-term lease obligations at June 30, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>	<u>Changes</u>	<u>% Changes</u>
Occupancy leases	\$ 1,737,301	\$ 1,281,815	\$ 455,486	35.5%
Equipment leases	74,912	9,100	65,812	723.2%
Less: current portion	<u>288,412</u>	<u>264,654</u>	<u>23,758</u>	9.0%
Total Long-Term Lease Obligations	<u>\$ 1,523,801</u>	<u>\$ 1,026,261</u>	<u>\$ 497,540</u>	48.5%

Net increase to long-term lease obligations of \$497,541, or 48.5%, is a result of occupancy lease renewals.

FACTORS AFFECTING FUTURE PERIODS

The Agency significantly expanded its homeless services division in response to the growing problem of homelessness in our community with the opening of two new programs—Shuman HeartHouse, a homeless shelter for unaccompanied homeless women and families with children and the Youth Navigation Center, a housing services and resource center for unaccompanied homeless youth ages 18-24. These and all our homeless programs will require the development of new and increased funding streams in future periods. As the state and federal priorities continue to shift toward permanent housing, non-congregate shelter and rapid rehousing, this will be a major challenge requiring increased private philanthropy.

The Agency received a subcontract for rapid rehousing/housing navigation services at Safe Passage, which will allow us to hire a full-time housing navigator to provide housing services and make some much-needed facilities improvements. Most of that subcontract, less the one-time capital funding, is potentially renewable annually as a direct contract with HUD in January 2026, based on performance.

COMMUNITY HUMAN SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

FACTORS AFFECTING FUTURE PERIODS (Continued)

We were awarded a 3-year competitive contract for \$3,007,415 in the first year to operate the SHARE Center in Salinas, a homeless shelter owned by the County of Monterey and City of Salinas (July 2024). This is a fully funded program that provides 100 beds of shelter and comprehensive supportive services to men, women and families experiencing homelessness. The SHARE Center added 22 positions, taking our staff size from approximately 130 to 152. This triggered the hiring of a Human Resources Director to manage the needs of our growing staff, and now allows our Administrative Services Manager, who used to perform HR functions, to provide executive assistance to the CEO and the board of directors. We also expanded our Finance Department by hiring a Bookkeeper I to process the detailed billing this contract requires for cost reimbursement (October 2024).

Like many employers, we continue to face challenges recruiting and retaining employees. In FY 2024-25, we plan to conduct a salary study and implement targeted salary improvements. We also plan to enroll in the Social Security System to ensure that staff are earning quarters to qualify for Medicare. This will increase our costs, but also improve the salary and benefits packages we can offer prospective employees.

We opened a new stream of income with growth potential in FY 2024-25. Staff in our shelter and street outreach programs generate revenue through a contract with Pair Teams that pays for each successful enrollment to Central Coast Alliance for Health's Medi-Cal program under the State's CalAIM initiative. We may be able to expand this service to some of our other programs as well

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, 2024

	ASSETS		
	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,732,568	\$ -	\$ -
Contracts and grants receivable, net - Note 4	-	347,750	600,080
Prepaid expenses	124,180	-	-
Investments - Note 2	1,204,061	-	-
Due from other funds	11,579,452	-	3,036,397
TOTAL CURRENT ASSETS	15,640,261	347,750	3,636,477
PROPERTY AND EQUIPMENT - net - Note 5	49,803	1,837,327	-
RIGHT OF USE LEASE ASSETS - net - Note 7	957,975	168,440	479,644
TOTAL ASSETS	<u>\$ 16,648,039</u>	<u>\$ 2,353,517</u>	<u>\$ 4,116,121</u>
	LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES			
Accounts payable	\$ 141,629	\$ -	\$ -
Accrued retirement payable	64,502	-	-
Unearned revenue	257,500	-	-
Due to other funds	-	3,156,607	-
Current portion of notes payable - Note 6	-	35,764	-
Accrued vacation payable	289,237	-	-
Current portion of lease obligations - Note 7	113,041	31,034	77,328
TOTAL CURRENT LIABILITIES	865,909	3,223,405	77,328
NONCURRENT LIABILITIES			
Notes payable - net of current portion - Note 6	-	787,931	-
Lease obligations - net of current portion - Note 7	877,333	137,602	396,164
TOTAL NONCURRENT LIABILITIES	877,333	925,533	396,164
TOTAL LIABILITIES	1,743,242	4,148,938	473,492
NET POSITION			
Net investment in capital assets	49,803	1,013,632	11,844
Restricted for narcotic prevention	-	-	2,904,539
Unrestricted	14,854,994	(2,809,053)	726,246
TOTAL NET POSITION	14,904,797	(1,795,421)	3,642,629
TOTAL LIABILITIES AND NET POSITION	<u>\$ 16,648,039</u>	<u>\$ 2,353,517</u>	<u>\$ 4,116,121</u>

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

COMMUNITY HUMAN SERVICES

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

JUNE 30, 2024

	ASSETS		
	Counseling Services	Other Non-major Funds	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 2,732,568
Contracts and grants receivable, net - Note 4	31,206	278,975	1,258,011
Prepaid expenses	-	-	124,180
Investments - Note 2	-	-	1,204,061
Due from other funds	-	-	14,615,849
TOTAL CURRENT ASSETS	31,206	278,975	19,934,669
PROPERTY AND EQUIPMENT - net - Note 5	217,045	7,638,185	9,742,360
RIGHT OF USE LEASE ASSETS - net - Note 7	-	179,324	1,785,383
TOTAL ASSETS	<u>\$ 248,251</u>	<u>\$ 8,096,484</u>	<u>\$ 31,462,412</u>
	LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 141,629
Accrued retirement payable	-	-	64,502
Unearned revenue	-	1,220,633	1,478,133
Due to other funds	2,299,563	9,159,676	14,615,846
Current portion of notes payable - Note 6	-	-	35,764
Accrued vacation payable	-	-	289,237
Current portion of lease obligations - Note 7	-	67,009	288,412
TOTAL CURRENT LIABILITIES	<u>2,299,563</u>	<u>10,447,318</u>	<u>16,913,523</u>
NONCURRENT LIABILITIES			
Notes payable - net of current portion - Note 6	-	-	787,931
Lease obligations - net of current portion - Note 7	-	112,702	1,523,801
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>112,702</u>	<u>2,311,732</u>
TOTAL LIABILITIES	<u>2,299,563</u>	<u>10,560,020</u>	<u>19,225,255</u>
NET POSITION			
Net investment in capital assets	217,045	7,638,185	8,930,509
Restricted for narcotic prevention	-	-	2,904,539
Unrestricted	(2,268,357)	(10,101,721)	402,109
TOTAL NET POSITION	<u>(2,051,312)</u>	<u>(2,463,536)</u>	<u>12,237,157</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 248,251</u>	<u>\$ 8,096,484</u>	<u>\$ 31,462,412</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, 2024

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
OPERATING REVENUES			
Public grants and contracts - net	\$ 287,365	\$ 4,032,015	\$ 1,773,547
Charges and fees	-	84,750	116,982
Total Operating Revenues	<u>287,365</u>	<u>4,116,765</u>	<u>1,890,529</u>
OPERATING EXPENSES			
Salaries	1,150,351	2,313,180	792,169
Employee benefits	272,164	416,486	198,825
Facilities rental	118,836	98,444	74,070
Professional fees	88,483	78,482	73,584
Utilities and maintenance	70,773	276,578	90,311
Operating supplies	110,631	26,879	23,326
Medical supplies and laboratory fees	-	3,452	65,014
Client assistance	-	-	-
Food and hygiene	5,039	125,215	357
Insurance	11,837	32,724	9,288
Auto and travel	4,547	17,987	8
Communications	9,887	24,620	8,867
Conferences and meetings	27,023	5,050	198
Advertising	7,429	-	-
Equipment rental	6,208	8,979	2,268
Miscellaneous	5,694	-	-
Dues, licenses and fees	31,748	18,330	24,110
Printing and publications	4,398	3,323	4,823
Depreciation	8,989	95,626	-
Total Operating Expenses	<u>1,934,037</u>	<u>3,545,355</u>	<u>1,367,218</u>
OPERATING INCOME (LOSS)	<u>(1,646,672)</u>	<u>571,410</u>	<u>523,311</u>
NONOPERATING REVENUES (EXPENSES)			
Joint Powers Agency support	261,200	-	-
Private grants and contributions	3,022,161	2,000	500
Other local sources	225,468	-	-
Interest expense	-	(55,855)	-
Total Nonoperating Revenues (Expenses)	<u>3,508,829</u>	<u>(53,855)</u>	<u>500</u>
INCOME (LOSS) BEFORE TRANSFERS	1,862,157	517,555	523,811
Expenses transferred from (to) other funds	(1,926,297)	707,801	268,749
CHANGES IN NET POSITION	3,788,454	(190,246)	255,062
NET POSITION, BEGINNING OF YEAR	<u>11,116,343</u>	<u>(1,605,175)</u>	<u>3,387,567</u>
NET POSITION, END OF YEAR	<u>\$ 14,904,797</u>	<u>\$ (1,795,421)</u>	<u>\$ 3,642,629</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, 2024

	Counseling Services	Other Non-Major Funds	Total
OPERATING REVENUES			
Public grants and contracts - net	\$ 2,428,816	\$ 1,960,280	\$ 10,482,023
Charges and fees	-	89,464	291,196
Total Operating Revenues	2,428,816	2,049,744	10,773,219
OPERATING EXPENSES			
Salaries	1,232,074	1,441,502	6,929,276
Employee benefits	236,567	230,756	1,354,798
Facilities rental	49,112	23,214	363,676
Professional fees	159,635	52,429	452,613
Utilities and maintenance	119,522	324,400	881,584
Operating supplies	102,392	69,808	333,036
Medical supplies and laboratory fees	140	-	68,606
Client assistance	108	80,770	80,878
Food and hygiene	1,587	119,288	251,486
Insurance	13,308	34,404	101,561
Auto and travel	4,711	25,315	52,568
Communications	15,348	33,246	91,968
Conferences and meetings	3,420	1,347	37,038
Advertising	-	-	7,429
Equipment rental	4,516	10,045	32,016
Miscellaneous	-	-	5,694
Dues, licenses and fees	13,257	10,139	97,584
Printing and publications	2,275	4,485	19,304
Depreciation	11,344	516,866	632,825
Total Operating Expenses	1,969,316	2,978,014	11,793,940
OPERATING INCOME (LOSS)	459,500	(928,270)	(1,020,721)
NONOPERATING REVENUES (EXPENSES)			
Joint Powers Agency support	-	-	261,200
Private grants and contributions	-	895,587	3,920,248
Other local sources	-	22,216	247,684
Interest expense	-	-	(55,855)
Total Nonoperating Revenues (Expenses)	-	917,803	4,373,277
INCOME (LOSS) BEFORE TRANSFERS	459,500	(10,467)	3,352,556
Expenses transferred from (to) other funds	381,174	568,573	-
CHANGES IN NET POSITION	78,326	(579,040)	3,352,556
NET POSITION, BEGINNING OF YEAR	(2,129,638)	(1,884,496)	8,884,601
NET POSITION, END OF YEAR	\$ (2,051,312)	\$ (2,463,536)	\$ 12,237,157

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, 2024

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from clients	\$ -	\$ 84,750	\$ 116,982
Cash receipts from public contracts	480,157	3,737,105	1,617,206
Cash payments to suppliers and employees	(2,123,713)	(3,546,065)	(1,376,172)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(1,643,556)</u>	<u>275,790</u>	<u>358,016</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on long-term debt	-	(19,624)	-
Interest paid on debt	-	(55,855)	-
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(75,479)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	55,821	-	-
Investment purchases	(190,186)	-	-
Cash payments for acquisition of capital assets	(19,499)	42,410	-
NET CASH USED FOR INVESTING ACTIVITIES	<u>(153,864)</u>	<u>42,410</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Joint Powers Agency support	3,022,161	2,000	500
Cash receipts from private grants and contributions	(2,394,421)	-	-
Other local sources- net	225,468	-	-
Cash receipts from (paid to) other funds	(58,735)	(244,721)	(358,516)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>794,473</u>	<u>(242,721)</u>	<u>(358,016)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,002,947)</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,735,515</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,732,568</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, 2024

	Counseling Services	Other Non-major Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from clients	\$ -	\$ 89,464	\$ 291,196
Cash receipts from public contracts	2,421,957	1,903,852	10,160,277
Cash payments to suppliers and employees	(1,969,316)	(2,979,001)	(11,994,267)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>452,641</u>	<u>(985,685)</u>	<u>(1,542,794)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on long-term debt	-	-	(19,624)
Interest paid on debt	-	-	(55,855)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(75,479)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	-	-	55,821
Investment purchases	-	-	(190,186)
Cash payments for acquisition of capital assets	9,397	(1,056,128)	(1,023,820)
NET CASH USED FOR INVESTING ACTIVITIES	<u>9,397</u>	<u>(1,056,128)</u>	<u>(1,158,185)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Joint Powers Agency support	-	895,587	3,920,248
Cash receipts from private grants and contributions	-	-	(2,394,421)
Other local sources- net	-	22,216	247,684
Cash receipts from (paid to) other funds	(462,038)	1,124,010	-
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>(462,038)</u>	<u>2,041,813</u>	<u>1,773,511</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>	<u>(1,002,947)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>3,735,515</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,732,568</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, 2024

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,646,672)	\$ 571,410	\$ 523,311
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	5,694	-	-
Charge-off (receipt) of uncollectible receivable	12,200	85,257	124,201
Change in right of use assets and lease liabilities, net	7,750	(710)	(8,954)
(Increase) decrease in assets:			
Contracts and grants receivable	180,592	(380,167)	(280,542)
Prepaid expenses	(4,440)	-	-
Increase (decrease) in liabilities:			
Accounts payable	(259,678)	-	-
Accrued retirement payable	14,011	-	-
Accrued vacation payable	46,987	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (1,643,556)</u>	<u>\$ 275,790</u>	<u>\$ 358,016</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, 2024

	Counseling Services	Other Non-major Funds	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 459,500	\$ (928,270)	\$ (1,020,721)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	-	-	5,694
Charge-off (receipt) of uncollectible receivable	(68,431)	-	153,227
Change in right of use assets and lease liabilities, net	-	(987)	(2,899)
(Increase) decrease in assets:			
Contracts and grants receivable	61,572	(56,428)	(474,973)
Prepaid expenses	-	-	(4,440)
Increase (decrease) in liabilities:			
Accounts payable	-	-	(259,678)
Accrued retirement payable	-	-	14,011
Accrued vacation payable	-	-	46,987
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 452,641</u>	<u>\$ (985,685)</u>	<u>\$ (1,542,794)</u>

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

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024

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, 2024

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, 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.

Youth Navigation Center - The Fund is used to account for an overnight shelter in Salinas 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.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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. The allowance for doubtful accounts was \$882,105 as of June 30, 2024.

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, 2024

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, 2024

1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

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 2019 and forward may be audited by regulatory agencies, however, the Agency is not aware of any such actions at this time.

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”.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Adoption of New Accounting Standards

On July 1, 2023, the Agency adopted Governmental Accounting Standards Board Statement No. 99 (GASB 99), Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The adoption of GASB 99 did not have a material impact on the statements of revenues and expenses and changes in net position, or cash flows for the Agency.

On July 1, 2023, the Agency adopted Governmental Accounting Standards Board Statement No. 100 (GASB 100), Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The adoption of GASB 100 did not have a material impact on the statements of revenues and expenses and changes in net position, or cash flows for the Agency.

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 19, 2024, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2024, consist of the following:

	<u>Amount</u>
Checking and savings	\$ 2,729,320
Investments	<u>1,204,061</u>
Total	<u>\$ 3,933,381</u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. DEPOSITS AND INVESTMENTS (Continued)

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, 2024, the total carrying amount was \$2,729,320 with a corresponding bank balance of \$2,970,961. The Agency's bank balances that were exposed to custodial credit risk totaled \$2,470,961.

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, 2024, the Agency has investment balances of \$1,153,046 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, 2024, the Agency holds its 4% investment in Fidelity mutual funds and 96% in Community Human Services' Stewardship Fund with the Community Foundation for Monterey County.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024:

<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	\$ 51,015	\$ 51,015	\$ -	\$ -	\$ -
Community Human Services Stewardship Fund	1,153,046	-	-	-	1,153,046
	<u>\$ 1,204,061</u>	<u>\$ 51,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,046</u>

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

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, consist of the following:

	Operating Fund	Prevention and Treatment of Substance Abuse Program	Narcotic Treatment Program	Counseling Services	Other Non-Major Funds	Total
DAISY Program	\$ -	\$ 18,372	\$ -	\$ -	\$ -	\$ 18,372
Genesis House Residential	-	537,578	-	-	-	537,578
Off Main Clinic Methadone Program	-	-	620,381	-	-	620,381
Outpatient Drug Free	-	252,199	-	-	-	252,199
Outpatient Mental Health Program	-	-	-	146,715	-	146,715
Parent Education	-	-	-	28,058	-	28,058
Warming Shelter	-	-	-	-	7,569	7,569
Safe Place	-	-	-	-	134,102	134,102
Salinas Street Outreach	-	-	-	-	137,304	137,304
Service	-	-	-	110,833	-	110,833
Engagement	-	-	-	43,333	-	43,333
Substance Abuse Prevention	-	103,672	-	-	-	103,672
	-	911,821	620,381	328,939	278,975	2,140,116
Less: Allowance for Doubtful Accounts	-	(564,071)	(20,301)	(297,733)	-	(882,105)
Contracts and grants Receivable - Net	<u>\$ -</u>	<u>\$ 347,750</u>	<u>\$ 600,080</u>	<u>\$ 31,206</u>	<u>\$ 278,975</u>	<u>\$ 1,258,011</u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

5. CAPITAL ASSETS

Capital assets at June 30, 2024, are summarized as follows:

	<u>Balance July 1, 2023</u>	<u>Net Additions (Disposals)</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:			
Land	\$ 1,948,995	\$ -	\$ 1,948,995
Construction in progress	<u>1,885,802</u>	<u>(1,885,802)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>3,834,797</u>	<u>(1,885,802)</u>	<u>1,948,995</u>
Capital Assets Being Depreciated:			
Buildings and improvements	5,677,026	3,437,734	9,114,760
Office equipment	36,294	38,467	74,761
Transportation equipment	251,588	60,552	312,140
Furniture and fixtures	186,118	-	186,118
Leasehold improvements	1,768,567	-	1,768,567
Operating and other equipment	<u>55,390</u>	<u>-</u>	<u>55,390</u>
Subtotal	7,974,983	3,536,753	11,511,736
Less accumulated depreciation	<u>3,085,546</u>	<u>632,825</u>	<u>3,718,371</u>
Total Capital Assets, Being Depreciated	<u>4,889,437</u>	<u>2,903,928</u>	<u>7,793,365</u>
Capital Assets – Net	<u>\$ 8,724,234</u>	<u>\$ 1,018,126</u>	<u>\$ 9,742,360</u>

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

	<u>Amount</u>
Operating fund	\$ 8,989
Prevention and treatment of substance abuse program	95,626
Narcotic treatment program	-
Counseling services	11,344
Other non-major funds	<u>516,866</u>
Total	<u>\$ 632,825</u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

6. NOTES PAYABLE

At June 30, 2024, the Agency has a note payable to Pinnacle Bank for the Sonoma Avenue property (Genesis House), interest at 6.50% per annum, due in monthly installments of \$7,364, including interest through December 2038, at which time all outstanding principal and interest are due and payable.

At June 30, 2023, the Agency had 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 December 2023. The note was fully paid as of December 26, 2023 through refinancing.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 35,764	\$ 52,609
2026	38,160	50,214
2027	40,715	47,658
2028	43,442	44,931
2029	46,351	42,022
Thereafter	<u>619,263</u>	<u>214,703</u>
Total	<u>\$ 823,695</u>	<u>\$ 452,137</u>

Total interest charged to expense during the year ended June 30, 2024, amounted to \$55,855.

Under the terms of the credit agreement, there are no reporting and financial covenants.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Right of Use Lease Assets

The Agency has recorded 24 right of use lease assets. The right of use assets are 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, 2024, was as follows:

	<u>Balance July 1, 2023</u>	<u>Net Additions (Disposals)</u>	<u>Balance June 30, 2024</u>
Right of use assets:			
Buildings and office space	\$ 1,804,244	\$ 695,734	\$ 2,499,978
Office and other equipment	<u>48,305</u>	<u>98,585</u>	<u>146,890</u>
Total right of use assets	<u>1,852,549</u>	<u>794,319</u>	<u>2,646,868</u>
Less accumulated amortization for:			
Buildings and office space	552,145	238,415	790,560
Office and other equipment	<u>39,218</u>	<u>31,707</u>	<u>70,925</u>
Total accumulated amortization	<u>591,363</u>	<u>270,122</u>	<u>861,485</u>
Right of Use Assets – net	<u>\$ 1,261,186</u>	<u>\$ 524,197</u>	<u>\$ 1,785,383</u>

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

	<u>Amount</u>
Operating fund	\$ 101,596
Prevention and treatment of substance abuse program	27,056
Narcotic treatment program	72,844
Counseling services	-
Other non-major funds	<u>68,626</u>
TOTAL	<u><u>\$ 270,122</u></u>

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2021, 2022, 2023 and 2024, with lease terms ranging from June 30, 2021 to September 2033. Monthly payments range from \$1,082 to \$8,640. There are no variable components of the leases.

The following summarizes the weighted-average remaining term and weight-average discount rate for occupancy leases:

	<u>2024</u>	<u>2023</u>
Weighted-average discount rate	1.81%	0.20%
Weighted-average remaining lease term (years)	6.28	7.93

The office and other equipment leases were executed in fiscal years ended June 30, 2019, 2020, 2021, 2022, 2023 and 2024, with lease terms ranging from February 2023 to December 2026. Monthly payments range from \$105 to \$1,077. There are no variable components of the leases.

The following summarizes the weighted-average remaining term and weight-average discount rate for office and other equipment leases:

	<u>2024</u>	<u>2023</u>
Weighted-average discount rate	3.57%	0.20%
Weighted-average remaining lease term (years)	2.35	0.66

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2025	\$ 288,412	\$ 20,610	\$ 309,022
2026	313,461	25,280	338,741
2027	295,249	17,657	312,906
2028	244,662	11,543	256,205
2029	250,782	6,398	257,180
Thereafter	<u>419,647</u>	<u>2,158</u>	<u>421,805</u>
	<u>\$ 1,812,213</u>	<u>\$ 83,646</u>	<u>\$ 1,895,859</u>

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, 2023 – November 30, 2023	\$ 35,000	\$ -	\$ 35,000
County of Monterey DSS, Community Action Partnership Youth Shelter July 1, 2023 – November 30, 2023	\$ 30,000	\$ -	\$ 30,000
County of Monterey DSS, Community Action Partnership Casa de Noche Buena July 1, 2023 – April 30, 2024	\$ 100,000	\$ -	\$ 100,000
County of Monterey DSS, Parent Education July 1, 2023 – June 30, 2024	\$ 91,293	\$ 91,293	\$ -
County of Monterey DSS, Shuman HeartHouse November 1, 2023 – May 31, 2024	\$ 100,000	\$ 100,000	\$ -

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 Operating 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, 2024.

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, 2024.

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 2024, 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.

COMMUNITY HUMAN SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

10. DEFINED CONTRIBUTION PENSION PLAN (Continued)

As of March 25, 2024, the Agency contracted with Lincoln Financial Group to provide administration of the contributory defined contribution pension plan.

The Agency's contribution to the plan amounted to \$344,595 for the year ended June 30, 2024, and is equal to 100% of the required contribution. Total payroll was \$6,929,276 and covered payroll was \$6,163,836.

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

SUPPLEMENTARY INFORMATION

COMMUNITY HUMAN SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assisting Listing 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-16395	
Residential Program			\$ 435,240
Youth Treatment Program			105,182
Total Prevention and Treatment Clusters			<u>540,422</u>
Promoting Safe and Stable Families	93.556	[1]	<u>91,293</u>
Total USHHS			<u>631,715</u>
U.S. HOUSING AND URBAN DEVELOPMENT (USHUD)			
Passed-Through:			
Cities of Salinas, Seaside and Monterey, California			
Community Development Block Grant	14.218	[1]	144,014
Direct Program:			
Supportive Housing Program			
Transitional Housing	14.235	[1]	130,574
Youth Homelessness			
Demonstration Program	14.276	[1]	<u>318,081</u>
Total USHUD			<u>592,669</u>
Total Expenditures of Federal Awards			<u>\$ 1,224,384</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, 2024

	General	Counseling Services						Prevention and Treatment of Substance Abuse					
		MHSA Parent Education	Outpatient Mental Health Counseling	Pathways to Safety	Short-term Therapeutic Services	CONNECT	Outreach and Engagement	Genesis House Residential	OTC - Salinas	OTC - Monterey	Sober Living	DAISY Program	Substance Use Prevention Program
REVENUES													
Public grants and contracts - net	\$ 287,365	\$ 125,334	\$ 1,245,666	\$ 74,526	\$ 650,897	\$ 72,393	\$ 260,000	\$ 1,912,960	\$ 203,565	\$ 522,322	\$ -	\$ 240,882	\$ 1,152,286
Charges and fees	-	-	-	-	-	-	-	600	1,185	1,975	80,990	-	-
Joint Powers Agency	261,200	-	-	-	-	-	-	-	-	-	-	-	-
Private grants and contributions	3,022,161	-	-	-	-	-	-	-	-	-	-	2,000	-
Other local sources	225,468	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	3,796,194	125,334	1,245,666	74,526	650,897	72,393	260,000	1,913,560	204,750	524,297	80,990	242,882	1,152,286
EXPENSES													
Salaries	1,150,351	63,029	676,792	57,764	387,493	46,996	-	954,270	181,856	206,307	-	167,382	803,365
Employee benefits	272,164	10,246	144,457	9,503	63,044	9,325	(8)	156,489	27,859	43,191	-	38,013	150,934
Facilities rental	118,836	4,567	25,746	1,293	15,071	2,435	-	1,605	22,755	44,227	29,857	-	-
Professional fees	88,483	25	549	-	1,061	-	158,000	32,636	23,630	21,947	-	-	269
Utilities and maintenance	70,773	14,807	45,333	3,431	50,847	5,104	-	165,375	22,393	26,064	26,841	6,556	29,349
Operating supplies	110,631	4,587	13,113	1,254	10,442	606	72,390	14,052	1,984	2,475	-	1,012	7,356
Medical supplies and laboratory fees	-	70	70	-	-	-	-	3,408	44	-	-	-	-
Food and hygiene	5,039	325	810	8	423	21	-	120,820	188	854	-	678	2,675
Client assistance	-	-	70	-	38	-	-	-	-	-	-	-	-
Insurance	11,837	672	5,388	516	4,848	564	1,320	17,724	2,172	2,724	2,304	1,500	6,300
Auto and travel	4,547	30	803	2,786	1,079	13	-	11,389	450	19	-	26	6,103
Communications	9,887	1,940	7,450	452	4,724	782	-	7,676	4,185	2,525	8,659	1,575	-
Conferences and meetings	27,023	2,452	573	-	395	-	-	5,030	20	-	-	-	-
Advertising	7,429	-	-	-	-	-	-	-	-	-	-	-	-
Equipment rental	6,208	434	2,241	101	1,500	240	-	4,688	2,268	2,023	-	-	-
Miscellaneous	5,694	-	-	-	-	-	-	-	-	-	-	-	-
Dues, licenses and fees	31,748	1,336	6,066	3,316	2,084	455	-	16,621	71	367	43	-	1,228
Printing and publications	4,398	218	1,153	65	721	118	-	1,356	1,092	805	-	70	-
Interest - net	-	-	-	-	-	-	-	55,855	-	-	-	-	-
Total before depreciation	1,925,048	104,738	930,614	80,489	543,770	66,659	231,702	1,568,994	290,967	353,528	67,704	216,812	1,007,579
Depreciation	8,989	-	11,344	-	-	-	-	78,560	-	-	17,066	-	-
Total Expenses	1,934,037	104,738	941,958	80,489	543,770	66,659	231,702	1,647,554	290,967	353,528	84,770	216,812	1,007,579
Net income before distribution	1,862,157	20,596	303,708	(5,963)	107,127	5,734	28,298	266,006	(86,217)	170,769	(3,780)	26,070	144,707
Management distribution	(1,926,297)	20,539	185,284	16,298	106,803	13,150	39,100	322,407	57,495	69,489	16,451	42,880	199,079
NET INCOME (LOSS)	\$ 3,788,454	\$ 57	\$ 118,424	\$ (22,261)	\$ 324	\$ (7,416)	\$ (10,802)	\$ (56,401)	\$ (143,712)	\$ 101,280	\$ (20,231)	\$ (16,810)	\$ (54,372)

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, 2024

	Narcotic Treatment Program	Other Non-Major									Total
		Monterey Peninsula Street Outreach	Safe Passage	Safe Place Youth Shelter	Youth Navigation Center	Casa de Noche Buena	Heart House	Supervised Visitation	Salinas Valley Street Outreach	Domestic Violence	
REVENUES											
Public grants and contracts - net	\$ 1,773,547	\$ 335,408	\$ 130,574	\$ 122,938	\$ 38,929	\$ 515,396	\$ 290,368	\$ 15,589	\$ 491,667	\$ 19,411	\$ 10,482,023
Charges and fees	116,982	-	9,691	-	-	-	-	29,569	-	50,204	291,196
Joint Powers Agency	-	-	-	-	-	-	-	-	-	-	261,200
Private grants and contributions	500	7,654	27,154	42,656	7,154	371,157	396,081	-	43,731	-	3,920,248
Other local sources	-	-	-	-	-	22,216	-	-	-	-	247,684
TOTAL REVENUES	1,891,029	343,062	167,419	165,594	46,083	908,769	686,449	45,158	535,398	69,615	15,202,351
EXPENSES											
Salaries	792,169	104,303	175,038	111,836	5,476	354,829	291,002	27,562	326,584	44,872	6,929,276
Employee benefits	198,825	30,393	29,093	10,313	1,377	58,241	36,825	1,429	61,609	1,476	1,354,798
Facilities rental	74,070	99	80	33	6,350	(599)	3,783	-	13,468	-	363,676
Professional fees	73,584	-	-	196	-	51,238	895	-	100	-	452,613
Utilities and maintenance	90,311	30,547	24,724	18,055	3,186	90,424	130,757	5,638	18,775	2,294	881,584
Operating supplies	23,326	2,775	4,828	2,038	18,143	14,086	24,538	1,772	1,557	71	333,036
Medical supplies and laboratory fees	65,014	-	-	-	-	-	-	-	-	-	68,606
Food and hygiene	357	2,744	4,525	1,924	196	74,666	31,789	-	3,444	-	251,486
Client assistance	-	1,247	296	100	30	64,295	8,749	-	6,053	-	80,878
Insurance	9,288	6,048	4,320	1,656	1,104	7,152	7,032	168	6,696	228	101,561
Auto and travel	8	4,360	510	-	-	1,468	302	385	18,268	22	52,568
Communications	8,867	5,911	5,595	1,362	1,078	4,857	4,164	2,066	7,891	322	91,968
Conferences and meetings	198	55	-	75	-	494	533	-	90	100	37,038
Advertising	-	-	-	-	-	-	-	-	-	-	7,429
Equipment rental	2,268	2,205	-	735	471	2,553	1,930	-	2,151	-	32,016
Miscellaneous	-	-	-	-	-	-	-	-	-	-	5,694
Dues, licenses and fees	24,110	1,540	260	-	11	4,182	1,928	-	1,900	318	97,584
Printing and publications	4,823	341	-	90	105	2,213	756	-	980	-	19,304
Interest - net	-	-	-	-	-	-	-	-	-	-	55,855
Total before depreciation	1,367,218	192,568	249,269	148,413	37,527	730,099	544,983	39,020	469,566	49,703	11,216,970
Depreciation	-	69,546	17,956	-	1,181	175,575	243,984	-	8,624	-	632,825
Total Expenses	1,367,218	262,114	267,225	148,413	38,708	905,674	788,967	39,020	478,190	49,703	11,849,795
Net income before distribution	523,811	80,948	(99,806)	17,181	7,375	3,095	(102,518)	6,138	57,208	19,912	3,352,556
Management distribution	268,749	49,845	52,565	28,909	7,911	177,437	141,330	7,548	93,238	9,790	-
NET INCOME (LOSS)	\$ 255,062	\$ 31,103	\$ (152,371)	\$ (11,728)	\$ (536)	\$ (174,342)	\$ (243,848)	\$ (1,410)	\$ (36,030)	\$ 10,122	\$ 3,352,556

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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Public grants and contracts	\$ 11,764,848	\$ 10,482,023	\$ (1,282,825)
Charges and fees	246,328	291,196	44,868
Total operating revenues	12,011,176	10,773,219	(1,237,957)
OPERATING EXPENSES			
Salaries	7,476,507	6,929,276	547,231
Employee benefits	1,581,923	1,354,798	227,125
Facilities rental, utilities and maintenance	1,136,905	1,245,260	(108,355)
Professional fees	466,589	452,613	13,976
Operating supplies	349,418	333,036	16,382
Food and hygiene	271,260	251,486	19,774
Client assistance	150,988	80,878	70,110
Depreciation	414,347	632,825	(218,478)
Equipment rental	49,807	32,016	17,791
Communications	99,744	91,968	7,776
Insurance	86,035	101,561	(15,526)
Medical supplies and laboratory fees	96,870	68,606	28,264
Conferences and meetings	64,395	37,038	27,357
Auto and travel	54,310	52,568	1,742
Dues, licenses and fees	99,736	97,584	2,152
Advertising	17,000	26,733	(9,733)
Miscellaneous	-	5,694	(5,694)
Total Operating Expenses	12,415,834	11,793,940	621,894
OPERATING INCOME (LOSS)	(404,658)	(1,020,721)	(616,063)
NONOPERATING REVENUES (EXPENSES)			
Joint Powers Agency support	261,200	261,200	-
Private grants and contributions	685,051	3,920,248	3,235,197
Other local sources	-	247,684	247,684
Interest expense	(44,173)	(55,855)	(11,682)
Total Nonoperating Revenues (Expenses)	902,078	4,373,277	3,471,199
INCOME (LOSS) BEFORE TRANSFERS	497,420	3,352,556	2,855,136
Transfers from (to) other funds	-	-	-
CHANGES IN NET POSITION	\$ 497,420	3,352,556	\$ 2,855,136
NET POSITION, BEGINNING OF YEAR		8,884,601	
NET POSITION, END OF YEAR		\$ 12,237,157	

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

COMMUNITY HUMAN SERVICES

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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***

To the 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, 2024, 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 19, 2024.

Report on 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) as a basis for designing 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. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

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
December 19, 2024



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

To the 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, 2024. 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, the Agency 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, 2024.

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 the Agency 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 the Agency's 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 the Agency's 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 the Agency's 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 the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's 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 the Agency's 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 the Agency's compliance.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on The Agency's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Brindley, Karavan + Ape, LLP

Salinas, California
December 19, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMMUNITY HUMAN SERVICES
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2024

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>Yes</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>Yes</u>

Identification of major programs:

<u>Federal Assistance Listing 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, 2024

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, 2024

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number:	2024-001
Federal Assistance Listing Number:	93.959
Federal Assistance Listing Title:	Block Grants for Prevention and Treatment of Substance Abuse
Pass-Through Entity Name:	County of Monterey
Grant Identifying Number:	A-16395
Grant Period:	July 1, 2023 – June 30, 2024
Criteria:	Under the Uniform Guidance, specifically 2 CFR 200.403(g), charges to federal awards must be adequately documented and supported by a system of internal controls, including documentation of authorization and approval of expenses.
Condition:	Although the Agency was able to provide support for the underlying expense tested, evidence of formal authorization for certain expenses was unavailable.
Cause:	The Agency's current procedures require authorization and approval for all non-recurring purchases; however certain purchase orders were missing evidence of authorization and approval.
Possible Effect:	While the examined underlying expenses appear necessary and reasonable for the performance of the federal award, there is an elevated risk of unallowable expenses being billed to federal awards.
Recommendation:	Management should implement a procedure requiring authorization and approval from Chief Financial Officer, Chief Executive Officer or Chief Operating Officer for all non-recurring purchases prior to initiation of the purchase.
Views of Responsible Officials:	Management understands the importance of adequate documentation for the authorization and approval of all non-recurring expenses and has taken steps to ensure that these purchases are properly authorized, and that approval is documented and maintained in accordance with current procedures.

COMMUNITY HUMAN SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

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.