



FINANCIAL STATEMENTS

JUNE 30, 2016



Leaf & Cole, LLP
Certified Public Accountants

**CENTER FOR COMMUNITY SOLUTIONS
FINANCIAL STATEMENTS
JUNE 30, 2016**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Center for Community Solutions
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Community Solutions, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Community Solutions as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center for Community Solutions' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leaf & Cole LLP

San Diego, California
November 14, 2016

CENTER FOR COMMUNITY SOLUTIONS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
<u>Current Assets:</u> (Notes 1 and 3)		
Cash and cash equivalents	\$ 755,645	\$ 571,610
Contracts receivable	558,491	639,021
Other receivables	5,626	7,837
Deposits and prepaid expenses	19,873	22,049
Total Current Assets	<u>1,339,635</u>	<u>1,240,517</u>
<u>Noncurrent Assets:</u> (Notes 1, 2, 4, 5, 6 and 7)		
Deposits	12,763	9,593
Property and equipment, net	2,181,961	2,196,903
Beneficial interest in endowment funds	9,954	10,653
Total Noncurrent Assets	<u>2,204,678</u>	<u>2,217,149</u>
TOTAL ASSETS	<u>\$ 3,544,313</u>	<u>\$ 3,457,666</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 1 and 7)		
Accounts payable	\$ 94,869	\$ 163,542
Accrued payroll and related liabilities	205,009	108,344
Current portion of notes payable	20,505	16,815
Total Current Liabilities	<u>320,383</u>	<u>288,701</u>
<u>Noncurrent Liabilities:</u> (Note 7)		
Notes payable, less current portion	1,774,271	1,789,094
Interest payable	96,991	78,329
Total Noncurrent Liabilities	<u>1,871,262</u>	<u>1,867,423</u>
Total Liabilities	<u>2,191,645</u>	<u>2,156,124</u>
<u>Commitments and Contingency</u> (Notes 6 and 10)		
<u>Net Assets:</u> (Notes 1, 8 and 9)		
Unrestricted	1,096,005	973,640
Temporarily restricted	246,709	317,249
Permanently Restricted	9,954	10,653
Total Net Assets	<u>1,352,668</u>	<u>1,301,542</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,544,313</u>	<u>\$ 3,457,666</u>

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

**CENTER FOR COMMUNITY SOLUTIONS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	2016				2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
<u>Revenue and Support:</u>					
Contract revenue	\$ 3,215,028	\$ -	\$ -	\$ 3,215,028	\$ 3,027,355
Contributions and grants	277,322	289,759	-	567,081	675,425
Fundraising revenue (net of direct costs of \$146,095 and \$104,794, respectively)	225,432	-	-	225,432	264,532
In-kind contributions	94,204	-	-	94,204	47,202
Fees for services	52,859	-	-	52,859	39,281
Other income	26,763	-	-	26,763	6,159
Investment income (loss)	104	-	(272)	(168)	(55)
Net assets released from restrictions	360,726	(360,299)	(427)	-	-
Total Revenue and Support	<u>4,252,438</u>	<u>(70,540)</u>	<u>(699)</u>	<u>4,181,199</u>	<u>4,059,899</u>
<u>Expenses:</u>					
Program services	3,005,509	-	-	3,005,509	2,844,805
Management and general	851,967	-	-	851,967	783,010
Fundraising	272,597	-	-	272,597	263,136
Total Expenses	<u>4,130,073</u>	<u>-</u>	<u>-</u>	<u>4,130,073</u>	<u>3,890,951</u>
Change in Net Assets	122,365	(70,540)	(699)	51,126	168,948
Net Assets at Beginning of Year	<u>973,640</u>	<u>317,249</u>	<u>10,653</u>	<u>1,301,542</u>	<u>1,132,594</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,096,005</u></u>	<u><u>\$ 246,709</u></u>	<u><u>\$ 9,954</u></u>	<u><u>\$ 1,352,668</u></u>	<u><u>\$ 1,301,542</u></u>

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

**CENTER FOR COMMUNITY SOLUTIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Program Services			Total Program Services	Supporting Services		2016 Total	2015 Total
	CRS	LAS	PSV		Management and General	Fundraising		
Salaries and Related Expenses:								
Salaries and wages	\$ 653,148	\$ 766,302	\$ 256,627	\$ 1,676,077	\$ 626,234	\$ 170,298	\$ 2,472,609	\$ 2,301,231
Payroll taxes	55,327	64,673	21,771	141,771	53,995	14,551	210,317	193,152
Employee benefits	50,090	58,999	19,528	128,617	47,664	12,922	189,203	207,595
Total Salaries and Related Expenses	<u>758,565</u>	<u>889,974</u>	<u>297,926</u>	<u>1,946,465</u>	<u>727,893</u>	<u>197,771</u>	<u>2,872,129</u>	<u>2,701,978</u>
Other Expenses:								
Advertising	525	1,040	296	1,861	3	24,758	26,622	26,261
Education and training	440	981	2,069	3,490	4,483	1,670	9,643	11,961
Equipment rental and maintenance	8,001	17,632	2,284	27,917	2,152	3,677	33,746	24,735
In-kind expenses	36,286	52,611	3,211	92,108	1,208	888	94,204	47,202
Insurance	7,502	18,164	1,860	27,526	9,492	1,595	38,613	35,417
Interest expense and fees	-	-	-	-	72,712	-	72,712	65,900
Office expenses	9,047	22,648	2,652	34,347	7,283	10,790	52,420	40,442
Outside services	18,657	31,891	1,119	51,667	100	-	51,767	40,661
Postage and delivery	678	735	110	1,523	148	1,631	3,302	3,431
Printing	6,410	10,902	1,593	18,905	1,126	1,655	21,686	22,411
Professional fees	18,847	19,858	1,689	40,394	1,314	3,301	45,009	59,489
Program expenses	38,876	40,464	32,316	111,656	1,457	1,000	114,113	73,998
Rent	66,100	51,212	6,896	124,208	8,178	-	132,386	152,107
Repairs and maintenance	18,114	19,609	1,693	39,416	1,578	1,033	42,027	30,835
Small equipment	12,788	17,333	2,488	32,609	2,004	1,852	36,465	43,151
Subcontracts	-	131,311	-	131,311	-	-	131,311	198,533
Supplies	14,760	8,062	8,805	31,627	5	3,887	35,519	23,511
Telephone and communications	24,096	39,844	5,060	69,000	2,188	4,844	76,032	71,029
Travel	14,034	30,407	7,753	52,194	2,360	3,053	57,607	56,178
Utilities	46,924	14,942	2,139	64,005	1,047	1,238	66,290	65,849
Total Other Expenses	<u>342,085</u>	<u>529,646</u>	<u>84,033</u>	<u>955,764</u>	<u>118,838</u>	<u>66,872</u>	<u>1,141,474</u>	<u>1,093,101</u>
Depreciation	<u>38,378</u>	<u>55,549</u>	<u>9,353</u>	<u>103,280</u>	<u>5,236</u>	<u>7,954</u>	<u>116,470</u>	<u>95,872</u>
Total Expenses	<u>\$ 1,139,028</u>	<u>\$ 1,475,169</u>	<u>\$ 391,312</u>	<u>\$ 3,005,509</u>	<u>\$ 851,967</u>	<u>\$ 272,597</u>	<u>\$ 4,130,073</u>	<u>\$ 3,890,951</u>

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

**CENTER FOR COMMUNITY SOLUTIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 51,126	\$ 168,948
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	116,470	95,872
Permanently restricted investment loss	272	177
Permanently restricted distributions	427	269
(Increase) Decrease in:		
Contracts receivable	80,530	(289,890)
Other receivables	2,211	58,060
Deposits and prepaid expenses	(994)	1,166
Increase (Decrease) in:		
Accounts payable	(68,673)	112,800
Accrued payroll and related liabilities	96,665	15,101
Interest payable	18,662	18,662
Net Cash Provided by Operating Activities	<u>296,696</u>	<u>181,165</u>
<u>Cash Flows From Investing Activities:</u>		
Purchases of property and equipment	(101,528)	(278,631)
Change in beneficial interest in endowment funds	699	446
Net Cash Used in Investing Activities	<u>(100,829)</u>	<u>(278,185)</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds from line of credit	-	200,000
Principal payments on line of credit	-	(229,771)
Proceeds from notes payable	332,000	-
Principal payments on notes payable	(343,133)	(14,851)
Permanently restricted investment loss	(272)	(177)
Permanently restricted distributions	(427)	(269)
Net Cash Used in Financing Activities	<u>(11,832)</u>	<u>(45,068)</u>
Increase (Decrease) in Cash and Cash Equivalents	184,035	(142,088)
Cash and Cash Equivalents at Beginning Year	<u>571,610</u>	<u>713,698</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 755,645</u>	<u>\$ 571,610</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Cash paid for interest	<u>\$ 43,316</u>	<u>\$ 47,238</u>

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

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies:

Organization

Center for Community Solutions (CCS) is a San Diego County-based nonprofit formed in 1969 and incorporated in 1973. CCS' mission is to end relationship and sexual violence by being a catalyst for caring communities and social justice. Our vision is for all people to live full, free, expressive and empowered lives in a safe, healthy, vibrant, and peaceful community.

CCS was established in 1969 as the Center for Women's Studies and Services (CWSS) on the campus of San Diego State University. In 1995, CWSS changed its name to Center for Community Solutions. The name change was a way to communicate that sexual and relationship violence are public health concerns and human rights violations that impact not only women, but entire communities. The best and most lasting solutions to the problems of sexual and relationship violence must emerge from the wisdom and compassion of the community and involve people of every age, ethnicity, race, sexual orientation, spiritual tradition, ability, and gender.

CCS is committed to continuously refining its approach to supporting victims and preventing relationship and sexual violence. CCS provides comprehensive, trauma-informed services, including prevention education, counseling, advocacy, legal, hotline and shelter services. CCS strives to ensure that its services are culturally humble, empowering, and confidential. Most of CCS services are available in English and Spanish, and some are also available in Arabic. To improve access to our programs, CCS provides services in 10 different locations throughout North, Central, and East San Diego County. All CCS staff and volunteers who provide direct services to victims of relationship or sexual violence complete an intensive 60-hour Domestic Violence and Sexual Assault Crisis Intervention Training certified by the California Office of Emergency Services.

CCS programs are organized within three departments, Legal and Advocacy Services (LAS), Counseling and Residential Services (CRS), and Prevention and Education (PSV).

Legal and Advocacy Services (LAS)

Domestic Violence Victim Advocacy (DVVA): DVVA services are provided in East, Central, and North San Diego County. Three full-time victim advocates provide crisis counseling, safety planning, domestic violence lethality assessments, court accompaniment, application assistance, information, referrals, and emotional support to victims of domestic violence. Advocates are experts in local resources. They use their community connections to help victims access safe housing, legal services, counseling, immigration services, food, clothing, and other services. DVVA provides services at the San Diego Family Justice Center, San Diego Police Department Mid City Division, CCS East, Central and North Offices, and the El Cajon Courthouse. This free, confidential service is available in English and Spanish.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Organization (Continued)

Legal and Advocacy Services (LAS) (Continued)

Sexual Assault Victim Advocacy (SAVA) - SAVA is one of the largest state-funded rape crisis centers in California. SAVA services cover 90% of San Diego County, spanning a territory nearly the size of the state of Connecticut. SAVA provides an in-person emergency response to every sexual assault victim in its service area who undergoes a sexual assault forensic examination. CCS volunteers and staff are scheduled around-the-clock to respond within 20 minutes of a call-out, and they remain by a victim's side throughout the entire forensic examination process. SAVA is staffed by four full-time victim advocates and a program manager who provide follow-up services after the emergency response. Additionally, the SAVA team includes one full-time advocate who is out-stationed at the San Diego State University health center to provide sexual assault victim advocacy on campus. This team also supports victims who are referred from other sources, including self-referrals and walk-ins. SAVA services include crisis counseling, safety planning, trauma-informed client services, and help with connecting to other resources, including counseling, legal services, housing, medical care, food, clothing, and immigration assistance. Advocates also provide in-person emotional support during detective and attorney interviews, preliminary hearings, and other court events.

CCS is a founding member of the San Diego countywide Sexual Assault Response Team (SART), a 35-year-old collaborative project which includes civilian, military, and tribal advocates, law enforcement, sexual assault forensic nurse, crime lab, and prosecutorial agencies. All members of SART meet monthly, cross-train, and follow a standard response protocol to ensure compassionate, survivor-centered services.

Legal Services: With a staff of seven California-licensed attorneys, CCS' highly skilled legal team is the largest pro bono legal services, with expertise in sexual assault, relationship violence and stalking in San Diego County. CCS legal services include:

Victim Rights Legal Services (VRLS) - Staffed by a full-time Litigation Manager and two staff attorneys, VRLS provides direct representation of victims of sexual assault, domestic violence, dating violence and stalking. VRLS specializes in the civil legal needs of sexual assault victims in the following areas: housing, employment, education, privacy, safety, and financial compensation, as well as Civil Harassment Restraining Orders. The program assists survivors with immigration concerns through a subcontract with Casa Cornelia Law Center. VRLS is San Diego's go-to legal services program for privacy law (representing victims in criminal court), and Title IX issues (sexual violence as discrimination) throughout the County. The program has earned an unprecedented 90% success rate in administrative, court, and negotiated outcomes. VRLS is the only sexual assault-specific direct representation legal services program in San Diego County

East Domestic Violence Legal Services: One full-time attorney provides restraining order assistance twenty (20) hours per week at the El Cajon Courthouse, and pro per family law assistance twenty (20) hours per week at CCS' East County Office, including filling out paperwork, client consultations, and hearing preparation.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Organization (Continued)

Legal and Advocacy Services (LAS) (Continued)

Family Justice Center Domestic Violence Services: One full-time attorney out-stationed at the San Diego Family Justice Center provides pro per family law assistance, client consultations, and hearing preparation to victims of domestic violence in Central San Diego and Mid-City. This attorney also coordinates San Diego County's Central High Risk Team, a multidisciplinary team that includes law enforcement, the City and District Attorneys' Offices, several domestic violence service providers, and Probation. This team meets monthly to collaborate and conduct case reviews in order to increase the safety of victims who are at serious risk of domestic violence-related homicide.

Rural Legal Services: One full-time attorney and one full-time legal advocate out-stationed at the Campo Community Center provides pro per legal services for victims of domestic violence, sexual assault, and stalking who reside in rural communities in East San Diego County.

Counseling and Residential Services (CRS)

Domestic Violence and Sexual Assault Hotline Counseling: Toll-free, confidential, 24-hour hotline crisis counseling, safety planning, information and referrals to a host of follow-up services, including counseling, advocacy, legal assistance, medical care, shelter, food, and clothing. Hotline counseling is provided by certified Domestic Violence and Sexual Assault Victim Counselors, in English and Spanish. CCS' Hotline staff and volunteers handle over 6,000 calls annually.

Domestic Violence Shelter: CCS operates both short-term and long-term confidential domestic violence shelters. Project Safe House (PSH) is a short-term 24-bed domestic violence shelter located in East San Diego County, and Hidden Valley House (HVH) is our short-term 35-bed domestic violence shelter located in North Inland Region of San Diego County. Both shelters are staffed 24-hours per day by certified domestic violence counselors. Domestic violence victims and their children are sheltered in these programs for up to two months. While living in the shelter they receive advocacy, counseling, case management, legal assistance, food, clothing, transportation assistance, and other services and resources to help them stabilize and transition to more permanent housing. Next Step is our long-term confidential domestic violence shelter program where families that need more time to get on their feet can stay up to eighteen months. Next Step families are housed in one apartment at PSH and five two-bedroom units in a separate facility called Next Step North. In total, Next Step offers up to 40 beds for long-term shelter. All CCS domestic violence shelter programs accept men, women, and children. Shelter services are offered in English, Spanish, Kurdish and Arabic.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Organization (Continued)

Counseling and Residential Services (CRS) (Continued)

Trauma-Specific Counseling: CCS operates counseling programs in North, Central, and East County. A team of three Marriage and Family Therapists provide individual, group, family, and child counseling using a variety of best practice, trauma-specific approaches, including trauma-focused cognitive behavioral therapy (TF-CBT), Trauma Resiliency Model (TRM), Eye Movement Desensitization and Reprocessing (EMDR), guided imagery, expressive arts therapy, play therapy, sand tray therapy, and mindfulness therapies. Our counseling programs include up to six master's-level Marriage and Family Therapy or Social Work trainees who receive intensive training, supervision, and commit twenty hours per week to CCS. Individual and group counseling for adults and children are also offered on-site at our short-term emergency shelters.

CHAT Child Abuse Treatment: CCS developed a child abuse treatment program during the past year. The trauma of childhood abuse can impact a child's overall wellness. The CHAT program offers trauma-specific therapy and advocacy services to address the effects of trauma. CCS focuses on the child's strengths and where the child needs support in order to improve their coping strategies and opportunities for healthy life choices. All services are available in English and Spanish. The CHAT program serves children who are under the age of 18 and victims of domestic violence, sexual abuse, and emotional abuse and neglect as well as witness to violence or a crime. CCS offers these services with therapists and advocates. Therapists create a safe trauma informed environment to improve coping strategies, decision making and assisting in the development of skills to manage emotions and behaviors. In addition, therapists will provide coordination with schools and other agencies involved with the child's wellbeing. CCS CHAT advocates provide information and support that includes crisis intervention, safety planning, court accompaniment, victim of crime assistance, monitoring academic progress and assist in parent education.

Prevention and Education (PSV)

Violence Prevention Education: CCS is invested in the promotion of healthy relationships and the prevention of sexual and physical violence through interactive, empowering education focused on topics related to the development of healthy relationships skills and the prevention of relationship and sexual violence. For example, we teach healthy communication and conflict resolution skills, consent- and boundary-setting, and how to challenge social norms and media messages that perpetuate violence throughout our communities. CCS prevention education programs are available in English and Spanish and are generally provided in schools or other community settings in a developmentally and culturally humble manner. In addition to serving students from Kindergarten to college, CCS staff also provides trainings for teachers and parents, addressing the importance of modeling healthy relationship, communication, and conflict resolution skills as they interact with youth. CCS Prevention Coordinators encourage parents to engage in meaningful conversations with their children, starting as early as preschool, understanding that healthy relationship skills can become wonderful habits if taught early on.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Organization (Continued)

Counseling and Residential Services (CRS) (Continued)

Teen Relationship Violence Prevention Education (TRVP): TRVP education programs are delivered in a multi-unit format, offered as a series of three to five workshops. This gives participants multiple opportunities over time to practice and refine the healthy relationship skills they are learning. TRVP also allows ample time for participants to work with their peers to identify ways they can stand up against relationship and sexual violence and create change by challenging the social norms that perpetuate violence. CCS currently has formal partnerships with Escondido Unified High School District, Cherokee Point Elementary School, Wilson Middle School, San Diego State University, Mountain Empire Unified School District, San Diego Court and Community Schools, and San Diego County Probation Department.

Significant Accounting Policies

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of CCS and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by CCS. The income from these assets is available for either general operations or specific programs as specified by the donor.

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

CCS' statement of financial position includes the following financial instrument that is required to be measured at fair value on a recurring basis:

- Beneficial interest in endowment funds held at San Diego Foundation is considered a Level 3 asset which represents the fair value of the underlying assets as reported by San Diego Foundation.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all contracts and other receivables were fully collectible; therefore, no allowance for doubtful contracts and other receivables was recorded at June 30, 2016 and 2015.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capitalization and Depreciation

CCS capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, CCS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CCS reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings	10 - 30 years
Leasehold improvements	5 - 25 years
Machinery and equipment	7 years
Furniture and fixtures	3 years
Miscellaneous assets	3 years

Depreciation totaled \$116,470 and \$95,872 for the years ended June 30, 2016 and 2015, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Impairment of Real Estate

CCS reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 and 2015.

Compensated Absences

Accumulated unpaid vacation totaling \$91,795 and \$84,215 at June 30, 2016 and 2015, respectively, is accrued when incurred and included in accrued payroll and related liabilities.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Revenue Recognition

Contract revenue is recognized in the period in which the related work is performed in accordance with the terms of the contract. Contracts receivable is recorded when revenue earned under a contract exceeds the cash received. Deferred revenue is recorded when cash received under a contract exceeds the revenue earned.

Contributions are recognized when the donor makes a promise to give to CCS that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services and Materials

CCS utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services comprised primarily of therapeutic and case management services totaled \$55,152 and \$-0- for the years ended June 30, 2016 and 2015, respectively.

CCS has received substantial donations of materials, marketing and professional fees. The donations of materials, marketing and professional fees are recorded at their fair value and totaled \$39,052 and \$47,202 for the years ended June 30, 2016 and 2015, respectively.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classification on the basis of internal records and the cost allocation plan approved by the CCS Board of Directors.

Income Taxes

CCS is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. CCS believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. CCS is not a private foundation.

CCS' Return of Organization Exempt from Income Tax for the years ended June 30, 2016, 2015, 2014 and 2013 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
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Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Concentration of Credit Risk

CCS maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. CCS has not experienced any losses in such accounts. CCS believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CCS considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

Comparative Totals for June 30, 2015

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CCS' financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Reclassification

CCS has reclassified certain prior year information to conform with the current year presentation.

Subsequent Events

In preparing these financial statements, CCS has evaluated events and transactions for potential recognition or disclosure through November 14, 2016, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2016			Balance at June 30, 2016
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Beneficial interest in endowment funds (Note 5)	\$ -	\$ -	\$ 9,954	\$ 9,954
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,954</u>	<u>\$ 9,954</u>

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(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

Note 2 - Fair Value Measurements: (Continued)

	2015			Balance at June 30, 2015
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Beneficial interest in endowment funds (Note 5)	\$ -	\$ -	\$ 10,653	\$ 10,653
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,653</u>	<u>\$ 10,653</u>

The reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are included in the Notes as indicated above.

The following table represents CCS' Level 3 financial instruments, the valuation techniques used to measure the fair value of the financial instruments, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

		2016		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 9,954	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A

		2015		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 10,653	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A

CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
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Note 3 - Contracts Receivable:

Contracts receivable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
California Governor's Office of Emergency Services	\$ 400,026	\$ 273,855
Office on Violence Against Women	62,541	38,113
County of San Diego	40,892	80,381
California Department of Public Health	38,122	34,440
San Diego State University	15,653	8,328
University of California, San Diego	1,257	-
City of San Diego	-	203,154
State of California Victim Compensation & Government Claim Board	-	750
Total Contracts Receivable	<u>\$ 558,491</u>	<u>\$ 639,021</u>

Note 4 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 880,011	\$ 880,011
Buildings	953,817	953,817
Leasehold improvements	1,059,093	1,011,469
Machinery and equipment	369,347	315,443
Furniture and fixtures	49,479	49,479
Miscellaneous assets	45,090	45,090
Subtotal	<u>3,356,837</u>	<u>3,255,309</u>
Less: Accumulated depreciation	<u>(1,174,876)</u>	<u>(1,058,406)</u>
Property and Equipment, Net	<u>\$ 2,181,961</u>	<u>\$ 2,196,903</u>

Note 5 - Beneficial Interest in Endowment Funds:

CCS has a beneficial interest in endowment funds held at San Diego Foundation, which are classified as permanently restricted as these investments must be maintained in perpetuity. The beneficial interest in endowment funds held at San Diego Foundation is invested in a portfolio of equity and debt securities which is structured for long-term total return consisting of 26% domestic equities, 28% international equities, 16% alternative investments, 17% fixed income, 4% commodities, 8% real estate and 1% cash and cash equivalents. CCS receives distributions of earnings on an annual basis. The distributions are used to further CCS' mission of providing the San Diego community with help to heal and prevent abusive relationships and sexual violence.

The activity in the beneficial interest in endowment funds held at San Diego Foundation consisted of the following for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Balance at Beginning of Year	\$ 10,653	\$ 11,099
Investment loss	(272)	(177)
Distributions	(427)	(269)
Balance at End of Year	<u>\$ 9,954</u>	<u>\$ 10,653</u>

CENTER FOR COMMUNITY SOLUTIONS
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Note 6 - Line-of-Credit:

CCS has a line-of-credit with Navy Federal Credit Union in the amount of \$500,000 with interest at 4.75%. The line-of-credit is renewable on November 12, 2017, and is secured by real property. There were no outstanding advances under the line-of-credit at June 30, 2016 and 2015.

Note 7 - Notes Payable:

Notes payable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Mortgage payable to Navy Federal Credit Union in the original amount of \$522,000. Payable in monthly payments of \$2,942 including interest at 5.75%, due January 31, 2018. Secured by real property. (Mission Bay Office Building)	\$ 465,978	\$ 473,511
Note payable to the City of San Diego in the original amount of \$170,000. The note is noninterest bearing. The principal is not due as long as all compliance requirements of the note are met or until such time as the property is sold. Secured by real property. (Mission Bay Office Building)	170,000	170,000
Mortgage payable to Navy Federal Credit Union in the original amount of \$355,000. Payable in monthly payments of \$2,397 including interest at 6.50% through November 2016, and then prime plus 3.50%, but not less than 6.50%, due November 30, 2021. Secured by real property. (Long Term Emergency Shelter North)	-	330,327
Mortgage payable to California Bank & Trust in the original amount of \$332,000. Payable in monthly payments of \$2,258 including interest at 5.25%, due November 30, 2025. Secured by real property. (Long Term Emergency Shelter North)	326,727	-
Note payable awarded through the Affordable Housing Program, which was originated January 30, 2009, is held by California Bank and Trust in the original amount of \$210,000. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of January 30, 2064. Secured by real property. (Long Term Emergency Shelter North)	210,000	210,000

(Continued)

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Note 7 - Notes Payable: (Continued)

	<u>2016</u>	<u>2015</u>
Promissory note which was originated on April 20, 2011 is held by the Department of Housing and Community Development in the original amount of \$654,776 (\$32,705 undisbursed at June 30, 2016), for the purchase of property. The note bears interest at 3% per annum. Repayment of principal and interest are deferred as long as CCS operates the facility as an emergency shelter or transition housing in compliance to the terms of the agreement. In the event that the compliance standards are met, the loan will be forgiven at the maturity date of April 20, 2021. Secured by real property. Accrued interest totaled \$96,991 and \$78,329 at June 30, 2016 and 2015, respectively. (Emergency Shelter)		
Total Notes Payable	\$ <u>622,071</u>	\$ <u>622,071</u>
Less: Current Portion	1,794,776	1,805,909
Notes Payable, Net of Current Portion	<u>(20,505)</u>	<u>(16,815)</u>
	<u>\$ 1,774,271</u>	<u>\$ 1,789,094</u>

Future principal payments on the notes payable are as follows:

<u>Years Ended</u> <u>June 30</u>	
2017	\$ 20,505
2018	20,083
2019	21,212
2020	22,405
2021	23,665
Thereafter	<u>1,686,906</u>
Total	<u>\$ 1,794,776</u>

Note 8 - Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Contributions with purpose restrictions	\$ <u>246,709</u>	\$ <u>317,429</u>
Total Temporarily Restricted Net Assets	<u>\$ 246,709</u>	<u>\$ 317,429</u>

Net assets in the amount of \$360,299 were released from donor restrictions by incurring expenses and events satisfying the purpose or time restrictions specified by donors for the year ended June 30, 2016.

CENTER FOR COMMUNITY SOLUTIONS
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Note 9 - Endowment Net Assets:

The endowment funds of CCS are held at San Diego Foundation (the “Foundation”). The Foundation manages the funds in accordance with UPMIFA. The Foundation’s objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require CCS to retain as a fund of perpetual duration. CCS classifies permanently restricted net assets held by the Foundation as:

- The original value of gifts donated to the fund
- The original value of CCS funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized and unrealized gains and losses on investments
- Distributions from the fund in accordance with the spending policy

The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Foundation’s endowment funds are invested in a portfolio of equity and debt securities, which is structured for long-term total return. The Foundation’s spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund and changes in endowment net assets as of and for the years ended June 30:

	Permanently Restricted
Endowment Net Assets at June 30, 2014	\$ 11,099
Change in fair value	(177)
Appropriation of endowment assets for expenditure	(269)
Endowment Net Assets at June 30, 2015	10,653
Change in fair value	(272)
Appropriation of endowment assets for expenditure	(427)
Endowment Net Assets at June 30, 2016	\$ 9,954

**CENTER FOR COMMUNITY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
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Note 10 – Commitments and Contingency:

Operating Leases

CCS leases office space in North County under a seven year lease through September 30, 2022. CCS also leases office space in East County under a seven year lease through March 31, 2018. In addition, CCS leases office equipment under various lease contracts expiring over a five year period through January 2019. CCS leases a facility in East County for shelter and long term emergency housing on a month-to-month basis. Rent expense under these leases totaled \$165,135 and \$228,897 for the years ended June 30, 2016 and 2015, respectively.

The following is a schedule of future minimum lease payments under the leases:

Years Ended June 30	
2017	\$ 138,688
2018	111,545
2019	58,312
2020	47,822
2021	47,822
Thereafter	51,808
Total	<u>\$ 455,997</u>

Employee Benefit Plan

CCS has a Tax Deferred Annuity Plan (the “Plan”) administered by Mutual of America. This is a voluntary plan available to all salaried employees working at least 20 hours per week. Eligible employees may make pre-tax contributions to the Plan. CCS does not contribute to the Plan.

Contract Revenue

Direct and indirect costs incurred by CCS and reimbursed by Federal, State and Local agencies are subject to audit by such agencies. Management believes the results of such audits will not have a material adverse effect on the financial position or results of operations of CCS.