

**CHAC**

Financial Statements

June 30, 2017  
(With Comparative Totals for 2016)



## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 16



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
CHAC  
Mountain View, California

We have audited the accompanying financial statements of CHAC (formerly known as Community Health Awareness Council) (a nonprofit organization) ("CHAC"), which comprise the statement of financial position as of June 30, 2017, 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.

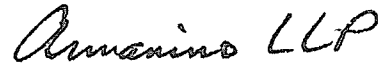
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHAC as of June 30, 2017, 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.

**Prior Period Financial Statements**

The financial statements of CHAC as of June 30, 2016, were audited by other auditors whose report dated January 25, 2017, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Armanino LLP".

Armanino<sup>LLP</sup>  
San Jose, California

December 22, 2017

CHAC  
Statement of Financial Position  
June 30, 2017  
(With Comparative Totals for 2016)

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 336,881	\$ 155,260
Accounts receivable	310,795	543,819
Contributions receivable	236,000	216,700
Prepaid expenses	21,133	14,081
Total current assets	904,809	929,860
Other assets		
Deposits	9,744	13,001
Investments	545,840	496,331
Property and equipment, net	3,309,616	3,368,580
Total other assets	3,865,200	3,877,912
Total assets	\$ 4,770,009	\$ 4,807,772
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 17,208	\$ 29,797
Accrued expenses	106,419	111,980
Total current liabilities	123,627	141,777
Funds held in trust	50,243	53,947
Total liabilities	173,870	195,724
Net assets		
Unrestricted	4,354,165	4,337,500
Temporarily restricted	241,974	274,548
Total net assets	4,596,139	4,612,048
Total liabilities and net assets	\$ 4,770,009	\$ 4,807,772

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

CHAC  
Statement of Activities  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Support and revenue				
Public support				
Corporate and foundation grants	\$ 123,596	\$ 343,300	\$ 466,896	\$ 376,600
Individual contributions	141,168	1,883	143,051	213,838
Special events	9,256	-	9,256	10,445
Miscellaneous	<u>50</u>	<u>-</u>	<u>50</u>	<u>4,698</u>
Total public support	<u>274,070</u>	<u>345,183</u>	<u>619,253</u>	<u>605,581</u>
Other support				
Contributed services	773,984	-	773,984	647,889
First 5	517,663	-	517,663	515,343
Joint Powers Agencies	317,258	-	317,258	307,134
Government grants	<u>223,715</u>	<u>-</u>	<u>223,715</u>	<u>275,774</u>
Total other support	<u>1,832,620</u>	<u>-</u>	<u>1,832,620</u>	<u>1,746,140</u>
Revenue				
Contract revenue	356,113	-	356,113	325,264
Program service fees	314,193	-	314,193	376,375
Unrealized gains (losses) on investments	29,218	-	29,218	(6,191)
Interest and dividends	12,848	-	12,848	19,621
Realized gains on investments	<u>11,574</u>	<u>-</u>	<u>11,574</u>	<u>8,019</u>
Total revenue	<u>723,946</u>	<u>-</u>	<u>723,946</u>	<u>723,088</u>
Net assets released from restriction	<u>377,757</u>	<u>(377,757)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,208,393</u>	<u>(32,574)</u>	<u>3,175,819</u>	<u>3,074,809</u>
Functional expenses				
Program services	2,755,285	-	2,755,285	2,560,587
Management and general	229,180	-	229,180	314,449
Fundraising	<u>207,263</u>	<u>-</u>	<u>207,263</u>	<u>203,445</u>
Total functional expenses	<u>3,191,728</u>	<u>-</u>	<u>3,191,728</u>	<u>3,078,481</u>
Change in net assets	16,665	(32,574)	(15,909)	(3,672)
Net assets, beginning of year	<u>4,337,500</u>	<u>274,548</u>	<u>4,612,048</u>	<u>4,615,720</u>
Net assets, end of year	<u>\$ 4,354,165</u>	<u>\$ 241,974</u>	<u>\$ 4,596,139</u>	<u>\$ 4,612,048</u>

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

CHAC  
Statement of Functional Expenses  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	Program Services				Support Services			2017 Total	2016 Total
	First 5	In-House	School	Total	Management and General	Fundraising	Total Support Services		
		Prevention/ Intervention	Prevention/ Intervention	Program Services					
Salaries and related expenses									
Salaries and wages	\$ 395,775	\$ 390,175	\$ 707,678	\$ 1,493,628	\$ 101,669	\$ 161,776	\$ 263,445	\$ 1,757,073	\$ 1,784,955
Contributed services	-	-	773,984	773,984	-	-	-	773,984	640,566
Payroll taxes	30,019	29,445	53,413	112,877	7,200	12,909	20,109	132,986	137,523
Employee benefits	33,115	24,429	39,730	97,274	13,206	8,705	21,911	119,185	129,590
Total salaries and related expenses	458,909	444,049	1,574,805	2,477,763	122,075	183,390	305,465	2,783,228	2,692,634
Professional fees	8,345	28,639	6,786	43,770	76,808	11,136	87,944	131,714	115,400
Occupancy	28,748	12,207	18,386	59,341	4,258	3,156	7,414	66,755	69,400
Depreciation	18,694	10,447	21,496	50,637	9,923	-	9,923	60,560	60,560
Supplies	14,358	5,644	7,043	27,045	1,077	973	2,050	29,095	34,393
Dues/miscellaneous	3,249	5,559	14,784	23,592	2,775	1,676	4,451	28,043	23,689
Stipends/intern	13,525	4,075	10,160	27,760	-	-	-	27,760	18,510
Insurance	2,716	3,430	5,118	11,264	7,148	772	7,920	19,184	19,976
Telecommunications	5,936	2,034	3,088	11,058	1,314	500	1,814	12,872	14,106
Postage/printing	208	576	1,832	2,616	1,983	4,808	6,791	9,407	6,131
Office/computer equipment	1,662	2,136	3,224	7,022	880	533	1,413	8,435	11,742
Mileage/parking	7,180	461	33	7,674	43	6	49	7,723	6,314
Service charges	-	5,478	265	5,743	896	313	1,209	6,952	5,626
	<u>\$ 563,530</u>	<u>\$ 524,735</u>	<u>\$ 1,667,020</u>	<u>\$ 2,755,285</u>	<u>\$ 229,180</u>	<u>\$ 207,263</u>	<u>\$ 436,443</u>	<u>\$ 3,191,728</u>	<u>\$ 3,078,481</u>
Percentage of total	<u>18 %</u>	<u>16 %</u>	<u>52 %</u>	<u>86 %</u>	<u>7 %</u>	<u>7 %</u>	<u>14 %</u>	<u>100 %</u>	

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

CHAC  
Statement of Cash Flows  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ (15,909)	\$ (3,672)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	60,560	60,560
Realized gains on investments	(11,574)	(8,019)
Unrealized (gains) losses on investments	(29,218)	6,191
Changes in operating assets and liabilities		
Accounts receivable	233,024	(308,511)
Contributions receivable	(19,300)	60,650
Prepaid expenses	(7,052)	(7,325)
Deposits	3,257	34,247
Accounts payable	(12,589)	11,353
Accrued liabilities	(5,561)	(45,231)
Funds held in trust	(3,704)	3,692
Net cash provided by (used in) operating activities	<u>191,934</u>	<u>(196,065)</u>
Cash flows from investing activities		
Reinvested dividends and interest from investments	(12,848)	(19,621)
Purchase of property and equipment	(1,596)	-
Proceeds from sale of investments	4,131	3,922
Net cash used in investing activities	<u>(10,313)</u>	<u>(15,699)</u>
Net increase (decrease) in cash and cash equivalents	181,621	(211,764)
Cash and cash equivalents, beginning of year	<u>155,260</u>	<u>367,024</u>
Cash and cash equivalents, end of year	<u>\$ 336,881</u>	<u>\$ 155,260</u>

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



CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

1. NATURE OF OPERATIONS

CHAC (formerly known as Community Health Awareness Council) ("CHAC") was organized on May 15, 1973, as a joint powers agency whose members are the City of Los Altos, the City of Mountain View, the Town of Los Altos Hills, the Los Altos School District, the Mountain View-Whisman School District and the Mountain View-Los Altos Union High School District. CHAC receives funding from its members, the County of Santa Clara and other contributors.

CHAC provides treatment services and prevention and intervention counseling services concentrating on positive alternatives to health abuse and self-destructive behaviors for the residents in the Los Altos, Los Altos Hills, Mountain View and surrounding communities. It also provides the supervision and practicum requirements for interns pursuing licensing as Marriage and Family Therapists, Licensed Clinical Social Workers, Ph.D. and Psy.D. psychologists.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The CHAC prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently support and revenue is recognized when earned, and expenses and are recorded when the obligation is incurred. In accordance with accounting principles generally accepted in the United States of America, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed restrictions. Temporarily restricted net assets that are released from restriction in the same period as received are presented as unrestricted net assets in these financial statements.
- *Board-designated net assets* - Net assets that are not subject to donor-imposed restrictions that have been designated by the Board for specific purposes. These funds may be disbursed at the discretion of the Board.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations may or will be met, either by actions of CHAC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.
- *Permanently restricted net assets* - Net assets subject to permanent donor-imposed stipulations can be removed only by the donor. Currently, CHAC has no permanently restricted net assets.

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less. Management believes it is not exposed to any significant risk on cash accounts.

Accounts receivable

Accounts receivable for amounts due from grants, contracts and client fees are carried at the original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Management has determined that no allowance for doubtful accounts is required at June 30, 2017 and 2016.

CHAC has elected to record bad debt for contracts and client service fees using the direct write-off method. Generally accepted accounting principles (GAAP) require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Contributions receivable

Contributions receivable represent unconditional promises to give by donors. Current contributions receivable are expected to be collected during the next performance year and are recorded at net realizable value.

Investments

CHAC has a policy for its investments that provides for the use of socially responsible pooled funds and/or nationally recognized mutual funds, within a range of fixed income and growth and income investments. Earnings and income from the investments are available for CHAC operations. Investments in debt securities, and in equity securities that have readily determinable market values, are accounted for and reported at fair value. Investments received by gift are recorded at market value on the date of donation.

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Dividends, interest and other investment income are reported in the period earned as an increase in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions, in which case it is reported as an increase in temporarily or permanently restricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor, stipulation or law.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. CHAC determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2, and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CHAC has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect CHAC's own assumptions about what market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include CHAC's own data.

The following methods and assumptions were used to estimate the fair value of financial assets and liabilities:

- *Level 1* - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- *Level 2* - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- *Level 3* - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Valuation techniques utilized during the reporting period in the fair value measurement of assets and liabilities presented on CHAC's statement of financial position were not changed from previous.

Community Foundation investment pool

The Community Foundation is based on pricing and valuations using prices from the custodian bank and its pricing vendors, quarterly and audited financial statements from managers of private equity and hedge funds, and through initial and ongoing due diligence and monitoring by the investment and the Community Foundation's consultant, staff and investment committee. CHAC's fair value of the investment in the Community Foundation is based on reviewing and monitoring the Community Foundation valuation and assessing if the fair value is reasonable.

Property and equipment

Property and equipment are recorded at historical cost. Assets received as donations are recorded at their estimated fair market value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Acquisitions of property and equipment of \$2,000 or more are capitalized and depreciated using the straight-line method over their useful lives ranging from 3 to 39 years. Depreciation begins when the property and equipment is placed in service. Expenditures representing general maintenance and repairs are expensed in the year incurred.

Compensated absences

Accumulated unpaid employee vacation benefits are recognized as liabilities when employees have earned such compensated absences and to the extent that it is probable that these will be paid upon termination or retirement. CHAC's policy on sick leave benefits is to record amounts as operating expenses in the period sick leave is taken. As of June 30, 2017 and 2016, compensated absences liabilities were \$81,869 and \$86,043, respectively.

Contributions

Contributions are recognized in the period received and are considered to be available for unrestricted use unless specifically restricted by the donor. Grants to support CHAC's programs may be recorded as temporarily restricted revenues when received, if applicable, and released from those restrictions when the usage restrictions have been satisfied. Restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted support.

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

Contributions of services are recognized when they are received if the services create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Volunteers and interns contributed 27,196 and 31,896 hours for the years ended June 30, 2017 and 2016, respectively, as counselors and educators for the various programs sponsored by CHAC during those years. The estimated fair value of these contributed services recognized as revenues was \$773,984 and \$647,889 for the years ended June 30, 2017 and 2016, respectively. Additionally, no hours or value is recognized for office work volunteers. These services are not recognized in the accompanying financial statements because they neither require specialized skills nor would have been typically purchased had they not been donated. The value of these services is not readily determinable.

Income tax status

CHAC is a qualified organization exempt from federal and California income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) and 23701 (d) of the State of California Revenue and Taxation Code. As such, CHAC qualifies for the maximum charitable contribution deduction by donors.

CHAC has evaluated its current tax positions and has concluded that as of June 30, 2017, CHAC does not have any significant uncertain tax positions for which a reserve would be necessary. CHAC's federal and state income tax returns are subject to possible examination by taxing authorities for three years after they are filed for federal returns and four years after they are filed for state returns. CHAC's federal returns for the years ended June 30, 2016, 15 and 14 could be subject to examination by federal taxing authorities. CHAC's state returns for the years ended June 30, 2016, 15, 14, and 13 could be subject to examination by state taxing authorities.

Functional allocation of expenses

CHAC allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on payroll full-time equivalents.

Joint cost allocation

Expenses that have the result of furthering fundraising as well as the program services and/or management functions are allocated based on the proportionate value of the expense to each function. Newsletters and certain special event costs are so allocated.

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative financial information

The financial statements include certain prior year summarized comparative information in total but not by net asset class of functional expenses categories. 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 CHAC's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported change in net assets or net assets.

Subsequent events

Subsequent events have been evaluated through December 22, 2017, which is the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of CHAC's financial statements.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Contracts and grants	\$ 291,327	\$ 525,714
Client fees	<u>19,468</u>	<u>18,105</u>
	<u>\$ 310,795</u>	<u>\$ 543,819</u>

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

4. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, CHAC's investments at fair value as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond funds	\$ 148,373	\$ -	\$ -	\$ 148,373
Equity funds	161,240	-	-	161,240
Community Foundation investment pool	<u>-</u>	<u>-</u>	<u>236,227</u>	<u>236,227</u>
	<u>\$ 309,613</u>	<u>\$ -</u>	<u>\$ 236,227</u>	<u>\$ 545,840</u>

The following table sets forth by level, within the fair value hierarchy, CHAC's investments at fair value as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond funds	\$ 147,500	\$ -	\$ -	\$ 147,500
Equity funds	141,182	-	-	141,182
Community Foundation investment pool	<u>-</u>	<u>-</u>	<u>207,649</u>	<u>207,649</u>
	<u>\$ 288,682</u>	<u>\$ -</u>	<u>\$ 207,649</u>	<u>\$ 496,331</u>

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 207,649	\$ 203,555
Interest and dividends	2,222	2,903
Realized gains	11,574	8,019
Unrealized gains (losses)	17,882	(3,443)
Management fees	<u>(3,100)</u>	<u>(3,385)</u>
Balance, end of year	<u>\$ 236,227</u>	<u>\$ 207,649</u>

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

4. INVESTMENTS (continued)

Investment earnings (losses) consist of the following:

	2017	2016
Interest and dividends	\$ 12,848	\$ 19,621
Realized gains	11,574	8,019
Unrealized gains (losses)	29,218	(6,191)
	\$ 53,640	\$ 21,449

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 consisted of:

	Cost	Accumulated Depreciation	Net
Land	\$ 1,371,249	\$ -	\$ 1,371,249
Building and improvements	2,141,374	(210,461)	1,930,913
Furniture and equipment	52,637	(45,183)	7,454
	\$ 3,565,260	\$ (255,644)	\$ 3,309,616

Property and equipment at June 30, 2016 consisted of:

	Cost	Accumulated Depreciation	Net
Land	\$ 1,371,249	\$ -	\$ 1,371,249
Building and improvements	2,141,374	(164,950)	1,976,424
Furniture and equipment	51,039	(30,132)	20,907
	\$ 3,563,662	\$ (195,082)	\$ 3,368,580

Depreciation expense is \$60,560 and \$60,560 as of June 30, 2017 and 2016, respectively.

6. FUNDS HELD IN TRUST

The funds held in trust were set up and are maintained for the Challenge Team, a not-for-profit organization organized by the local community groups, including CHAC. The balance is \$50,243 and \$53,947 as of June 30, 2017 and 2016, respectively.



CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

7. CONTINGENT LIABILITIES

State grants and contracts require the fulfillment of certain conditions as set forth in the terms of the contract or grant award agreement, and are subject to audit by the grantor. Failure to comply with these conditions could result in the return of funds to the grantor. Although it is a possibility, CHAC believes that it has complied with the conditions of its contracts and grant award agreements, and no significant liabilities will result from audit.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2017	2016
Prevention plus program - Sunnyvale School District	\$ 236,000	\$ 248,500
Psychology fund	5,974	23,848
General support	-	2,200
	\$ 241,974	\$ 274,548

Temporarily restricted net assets released from restriction during the years ended June 30 were as follows:

	2017	2016
Prevention plus program - Sunnyvale School District	\$ 346,800	\$ 167,700
Psychology fund	26,874	6,152
General support	4,083	59,650
Teen talk program	-	50,000
	\$ 377,757	\$ 283,502

CHAC  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

9. REVENUE FROM JOINT POWERS AGENCIES

During the years ended June 30, funding was authorized by Joint Powers Agencies as follows:

	2017	2016
School districts:		
Los Altos School District	\$ 73,197	\$ 48,934
Mountain View / Whisman School District	51,081	69,711
Mountain View / Los Altos Union High School District	51,381	48,649
	175,659	167,294
Cities:		
City of Los Altos	36,806	35,053
Town of Los Altos Hills	10,000	10,000
City of Mountain View	94,793	94,787
	141,599	139,840
Total	\$ 317,258	\$ 307,134

10. PRIVATE UNEMPLOYMENT INSURANCE

CHAC has unemployment insurance through a private program in lieu of participation in the California state unemployment compensation system. Deposits to the program plus an allocated share of investment income are reduced by benefits paid and an allocated share of operating expenses.

Deposits for the years ended June 30, 2017 and 2016 were \$4,652 and \$2,837, respectively. Claims paid for the years ended June 30, 2017 and 2016 were \$11,700 and \$5,850, respectively. The policy calls for a reserve account to provide for future claims based on a profile. The reserve balances at June 30, 2017 and 2016 were \$9,744 and \$13,001, respectively.

11. RETIREMENT PLAN

Effective January 1, 2009, CHAC started its 401(k) plan that is managed by ADP Retirement Services. A selection of investments is offered that enables employees to diversify their retirement plan accounts. ADP Retirement Services provides a full range of investment options from well-known and respected money managers. All regular employees working more than twenty hours a week are eligible to participate immediately with their employment in the CHAC.

CHAC contributes to the retirement savings accounts of employees who choose to participate in the retirement plan. CHAC will equally match employee contributions up to 2 percent of employee earnings. Employee contributions are subject to the IRS limitations for each year. Matching contributions for the years ended June 30, 2017 and 2016 were \$12,523 and \$25,643, respectively.