

# CPAW AGENDA ITEM

## READINESS WORKSHEET

**CPAW Meeting Date:** February 1, 2018

**Name of Committee:** Steering

1. **Agenda Item Name:** What CPAW Will Look Like Going Forward – Steering Committee Recommendations.
2. **Desired Outcome:** CPAW agreement on format and content of future CPAW meetings.
3. **Background:** Attendees at the January CPAW meeting considered feedback from the most recent Community Program Planning Process, and discussed possible changes in structure and content to future CPAW meetings. The consensus was to commission CPAW's Steering Committee to meet and develop recommendations for the full membership to consider and act upon.
4. **Summary:** CPAW's Steering Committee met on January 18 and recommends the following:
  - Meeting Length and Time. Regular meetings to continue being held on the first Thursday of the month at Bisso Lane. However, meeting length to be reduced from three to two hours. CPAW membership needs to decide whether to start the meeting at 2:00 or 3:00 P.M. As before, stakeholder orientation sessions will start one hour prior to the meeting.
  - Meeting Content. It is recommended that starting in June CPAW alternate hosting a community forum in one of the four county regions followed by two regular CPAW meetings at 2425 Bisso Lane in Concord. Community forums will generally follow previous formats, to include plenary sessions and small group discussions. Regular CPAW meetings will reduce to two hours by:
    - Dialogue with CCBHS Leadership. Rather than a report by the Deputy Director with a question and answer period, any member of CCBHS leadership will be invited to bring a topic in which they would like to listen to stakeholder input to assist in their decision-making. A short bullet formatted summary of significant CCBHS developments will be included in the announcement a week prior to the CPAW meeting, and attendees can provide input and/or ask the Executive Team representative to clarify any of the listed topics.
    - Committee Reports. Rather than ten separate committee reports, committee representatives will be asked to communicate significant issues and developments before the CPAW meeting that their respective committees have been working on. These will be shared in bullet format in the announcement a week prior to the CPAW meeting.

Attendees will then be given the opportunity to comment and/or discuss any of these items during the CPAW meeting.

- Agenda Items for Upcoming Meetings. The following represents topics/issues suggested by CPAW members for regular meetings at 2425 Bisso Lane in Concord. The Steering Committee recommends that CPAW consider these and any additional topics, and agree upon topics to be agenda items in the coming months:
  - Plan upcoming community forum discussion topics, and review previously held community forums for continuous improvement. For example, consider whether a community forum works in the evening, or whether to utilize live streaming with call-in capability.
  - Have CCBHS, H3, AODS Chiefs bring doable objectives to CPAW and share how they will be accomplishing these in the coming months.
  - Select recently completed program and fiscal reviews, and have these programs come and dialogue with CPAW.
  - Invite keynote speakers who are expert on topical issues.
  - Have a CPAW meeting dedicated to what is being done in the County to increase affordable housing, as well as supportive housing efforts for persons with serious mental illness.
  - Hold a joint meeting with the Mental Health Commission, and develop a joint agenda. Suggest March 2019 to jointly discuss draft MHSa Three Year Plan Update.
  - Have new and existing Innovative Projects come and share their progress.
- Meeting Locations. The Steering Committee recommends an eighteen month cycle starting in the June/July time frame that will alternate regional community forums with regular CPAW monthly meetings as follows:

#### 2018

- **June** - Community Forum in South/Central County (suggest evening meeting)
- **July** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **August** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **September** – Community Forum in West County
- **October** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **November** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **December** – Community Forum in East County

#### 2019

- **January** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **February** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **March** – Community Forum in South/Central County

- **April** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **May** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **June** – Community Forum in West County
- **July** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **August** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **September** – Community Forum in East County
- **October** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **November** – regular CPAW meeting, 2425 Bisso Lane, Concord
- **December** – Large Community Forum in South/Central County to synthesize stakeholder input from previous community forums

**5. Specific Recommendation:** CPAW accept the above recommendations, decide whether to start meetings at 2:00 or 3:00 P.M., and consider/add/delete suggested topics for upcoming CPAW meetings

**6. Anticipated Time Needed on Agenda:** 55 minutes

**7. Who will report on this item?** Jennifer Tuipulotu and Steering Committee members.

# Mental Health Services Act (MHSA)

## Program and Fiscal Review

- I. **Date of On-site Review:** February 24, March 20, 2017  
**Date of Exit Meeting:** August 2, 2017
- II. **Review Team:** Stephanie Chenard and Warren Hayes
- III. **Name of Plan Element:** George & Cynthia Miller Wellness Center  
25 Allen St,  
Martinez, CA 94553
- IV. **Plan Element Description.** The George and Cynthia Miller Wellness Center (Miller Wellness Center, or the Center) provides primary and behavioral health care, to include the diversion of children and adults from Psychiatric Emergency Services (PES). Children and adults who are evaluated at PES may be referred to the Miller Wellness Center if they do not need hospital level of care. The Miller Wellness Center offers urgent same-day appointments for individuals who are not open to the Contra Costa Mental Health System, or who have disconnected from care after previously being seen. Services include brief family therapy, medication refills, substance abuse counseling, and general non-acute assistance. In addition, the Center provides appointments for patients post psychiatric inpatient discharge. This provides the opportunity for a successful transition that ensures that medications are obtained and appointments are scheduled in the home clinic. The behavioral health clinic is part of the Center's certification as a Federally Qualified Health Center, and has separate entrances from the physical health side. The Miller Wellness Center is under the administration of Contra Costa Regional Medical Center (CCRMC), with MHSA funding three positions in their behavioral health clinic: two Community Support Worker (CSW) positions, and a Program Manager.
- V. **Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end a comprehensive program and fiscal review was conducted of the above plan element. The results of this review are contained herein, and will assist in a) improving the services and supports that are provided, b) more efficiently support the County's MHSA Three Year Program and Expenditure Plan, and c) ensure compliance with statute, regulations and

policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this program/plan element in order to review past and current efforts, and plan for the future.

**VI. Summary of Findings.**

<b>Topic</b>	<b>Met Standard</b>	<b>Notes</b>
1. Deliver services according to the values of the MHSA	Met	Consumers indicated plan element meets the values of MHSA
2. Serve the agreed upon target population.	Met	The program serves the agreed upon population
3. Provide the services for which funding was allocated.	Partially Met	More structure, clarity, and supervision of CSW roles are needed
4. Meet the needs of the community and/or population.	Met	Services are consistent with Three Year Plan
5. Serve the number of individuals that have been agreed upon.	Unmet	The number of individuals to be served has not been specified but should be identified for future evaluation
6. Achieve the outcomes that have been agreed upon.	Unmet	Outcomes have not yet been specified for this plan element. Neither targets nor goals been identified and should be developed for future evaluation
7. Quality Assurance	Met	The grievance review process meets quality assurance standards
8. Ensure protection of confidentiality of protected health information.	Met	The program is HIPAA compliant
9. Staffing sufficient for the program	Met	Staffing levels support service provision as outlined in the Three Year Plan
10. Annual independent fiscal audit	N/A	Not Applicable

11. Fiscal resources sufficient to deliver and sustain the services	Met	Sufficient funds are allocated
12. Oversight sufficient to comply with generally accepted accounting principles	N/A	Not Applicable
13. Documentation sufficient to support invoices	Not Met	MHSA is funding non-MHSA authorized program manager time.
14. Documentation sufficient to support allowable expenditures	Met	The process has sufficient quality control to support expenditures
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	Documentation supports that funds are expended in the appropriate fiscal year
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	N/A	The program does not receive an allocation of County indirect costs
17. Insurance policies sufficient to comply with contract	N/A	This is a County program, and is self-insured
18. Effective communication between contract manager and contractor	Partially Met	Semi-regular communication occurs between MHSA staff and program managers

**VII. Review Results.** The review covered the following areas:

1. **Deliver services according to the values of the Mental Health Services Act**

(California Code of Regulations Section 3320 – MHSA General Standards).

Does the plan element collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, be culturally competent, and be client and family driven.

**Method.** Consumer, family member and service provider interviews and consumer surveys.

**Discussion.** As mentioned in the program description, the review team focused on the value of the three MHSA positions that have been incorporated into to the Miller Wellness Center behavioral health location: two Community Support Workers, and the Program Manager.

The following table summarizes the consumer survey results. The review team received a total of 27 surveys. Due to the nature of the urgent care format, it was

difficult to conduct a face to face consumer interview, and so the review team has relied on surveys as the primary source of feedback regarding the consumer experience. These surveys indicate adherence to MHSA values.

Questions	Responses: n=27				
Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:	Strongly Agree 4	Agree 3	Disagree 2	Strongly Disagree 1	I don't know n/a
1. Help me improve my health and wellness.	Average score: 3.54 (n=26)				
2. Allow me to decide what my own strengths and needs	Average score: 3.49 (n=27)				
3. Work with me to determine the services that are most helpful	Average score: 3.63 (n=27)				
4. Provide services that are sensitive to my cultural background.	Average score: 3.46 (n=24)				
5. Provide services that are in my preferred language	Average score: 3.58 (n=26)				
6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.46 (n=22)				
7. Are open to my opinions as to how services should be provided	Average score: 3.53 (n=23)				
8. What does this program do well?	<ul style="list-style-type: none"> <li>• Clean, peaceful environment, prompt. I felt calm w/(doctor's) care of my mental health.</li> <li>• Personalize and empathize with me and my needs. Listen and hear what I'm saying and needing.</li> <li>• Help you guide your way through a very difficult time in your life.</li> <li>• Listen to my mother's needs</li> <li>• Help people with comprehensive mental health &amp; wellness issues</li> <li>• It helped with awesome direction and resources</li> <li>• Encouragement, find your values</li> </ul>				

9. What does this program need to improve upon?	<ul style="list-style-type: none"> <li>• Having nicer staff</li> <li>• (Person) who greets us at window was very abrupt, could improve a lot</li> <li>• Wait time to seeing a doctor.</li> <li>• More funding for programs, classes, events, therapies for wellness and mental health issues.</li> <li>• More one to one therapy</li> </ul>			
10. What needed services and supports are missing?	<ul style="list-style-type: none"> <li>• Housing</li> <li>• When we call sometimes it is very hard to get a hold of someone</li> </ul>			
11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential?	Very Important 4	Important 3	Somewhat Important 2	Not Important 1
	Average score: 3.63 (n=27)			
12. Any additional comments?	<ul style="list-style-type: none"> <li>• I feel that this program is very helpful to me because they understand about me having mental illnesses. It does a wonderful job</li> <li>• I greatly appreciate this clinic and clinic next door. It makes me feel like I have dignity and am cared for.</li> <li>• It was a good experience</li> </ul>			

Staff interviews.

The three staff that were the focus of the review all have either several years of professional background in mental health, or some kind of personal background with mental illness and recovery in their lives –personally, or with family members. These backgrounds fit well with the needs of the roles. The CSW's noted that they would share teaching/facilitating responsibilities for weekly WRAP classes, as well as the one-to-one coaching sessions with the consumers.

While the staff are adept at helping guide their consumers through services and other referrals, a particular area that was voiced was a desire for stronger networking connections with county services, such as financial counseling. The CSW's find that they currently spend much of their time navigating insurance and financial issues, as this has been identified as a barrier to continued treatment.



They find that they struggle with the limitations posed by available staffing time versus need as well as an inability to flexibly apply resources to the magnitude of client need. Staff also shared a desire to expand some of the practices that were previously employed, such as WRAP programs, and other group classes.

**Results.** The plan element delivers services according to the values of MHSA.

- 2. Serve the agreed upon target population.** For Community Services and Supports, does the plan element serve adults with a serious mental illness or children or youth with a serious emotional disturbance. Does the plan element serve the agreed upon target population (such as age group, underserved community).

**Method.** Compare the program description and/or service work plan with a random sampling of client charts or case files.

**Discussion.** The target population as stated in the MHSA Three-Year plan is, “Children and adults who are being diverted from PES, transition from inpatient, and consumers not yet connected to the outpatient system of care.” Interviews with Miller Wellness Center and CCRMC staff indicate that this accurately reflects the population being served at the Center.

**Results.** The plan element serves the agreed upon population.

- 3. Provide the services for which funding was allocated.** Does the plan element provide the number and type of services that have been agreed upon.

**Method.** Compare the service work plan or plan element service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

**Discussion.** Staff interviews and consumer surveys reveal program and staff activities are consistent with the overall goals of Miller Wellness Center. However, during the various interviews it was expressed that staff roles are not clearly defined. This has resulted in tension between the CSW staff and other behavioral health staff and management. The nature of their duties has morphed over the past year and many of the tasks and programs that had once been determined to be beneficial have either disappeared or been replaced by other tasks.

The Program Manager splits his time among several clinics during the course of his regular work week. This, combined with staggered shifts, leaves only a few hours per week to provide supervision and guidance to the CSW staff. Much of the general supervision has fallen to the on-site clinic manager, who is not the manager to whom the CSW team reports. This further complicates and blurs the lines of communication and roles. It is recommended that the Program Manager

work with the CSW team, the on-site clinic manager, and the rest of the behavioral health team to establish clear roles, tasks, and procedures for the CSWs in order to best complement the overall team as well as support the CSW staff.

**Results.** Overall the plan element provides the services for which funding was allocated, with recommendations as noted above.

**Please see Appendix A for Program Response**

4. **Meet the needs of the community and/or population.** Is the plan element meeting the needs of the population/community for which it was designed. Has the plan element been authorized by the Board of Supervisors as a result of a community program planning process. Is the plan element consistent with the MHSA Three Year Program and Expenditure Plan.  
**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.  
**Discussion.** The services provided by the Miller Wellness Center are consistent with the Three Year Plan. The positions have been vetted through the plan update process, and authorized by the Board of Supervisors. Interviews and surveys indicate existing staff are performing duties consistent with what was authorized.  
**Results.** The plan element meets the needs of the community.
  
5. **Serve the number of individuals that have been agreed upon.** Has the plan element been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years.  
**Method.** Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.  
**Discussion.** There are no specified numbers of individuals to be served by the Community Support Workers assigned to the Miller Wellness Center.  
**Results.** The Miller Wellness Center needs to define the number of individuals to be served by the CSWs assigned to the Center.

**Please see Appendix A for Program Response**

6. **Achieve the outcomes that have been agreed upon.** Is the plan element meeting the agreed upon outcome goals, and how has the outcomes been trending.

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Discussion.** To date, this plan element has not established measureable outcome goals or performance measures.

**Results.** The plan element needs to define outcome measures.

**Please see Appendix A for Program Response**

7. **Quality Assurance.** How does the plan element assure quality of service provision.

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** Grievances for Miller Wellness Center are centralized under the CCRMC Patient-Family Advisory Council, and are not separated out by area of practice, such as behavioral health or primary care. However, a review of the grievance policies and procedures indicates timeliness and care in investigation of complaints and prompt responses or resolutions.

**Results.** Quality of services is monitored. The program provides quality services as evidenced by the above, and has a clear quality assurance process in place.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol.

**Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the plan element's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** Staff observe HIPAA requirements. All staff are required to complete HIPAA training on an annual basis. The County also has a Privacy Officer in charge of protecting client information.

**Results.** Miller Wellness Center ensures the protection of confidential protected health information.

9. **Staffing sufficient for the plan element.** Is there sufficient dedicated staff to deliver the services, evaluate the plan element for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support.

**Method.** Match history of plan element response with organization chart, staff interviews and duty statements.

**Discussion.** Positions for which funding was allocated are filled.

**Results.** There is sufficient staffing for the program.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings?

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Discussion.** The plan element is County operated and does not conduct an annual financial audit.

**Results.** Not applicable.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does the plan element have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain the plan element?

**Method.** Review financial reports.

**Discussion.** The plan element has been authorized by the County. The current Three-Year Plan allocates sufficient funding to field the three positions authorized to support behavioral health services that are offered at the Miller Wellness Center.

**Results.** Sufficient funds are allocated to fully support the three positions assigned to the Miller Wellness Center.

12. **Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles?

**Method.** Interview with fiscal manager of plan element.

**Discussion.** The plan element is part of the County and complies with generally accepted accounting principles.

**Results.** Not applicable.

13. **Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the plan element and ensure no duplicate billing?

**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.

**Discussion.** As noted previously the Program Manager splits his time between the Miller Wellness Center and several other clinics in the County. Thus, by his report only 10 to 25 % of his time is spent supervising at the Center. However, County Finance expenditure reports indicate MHSA is funding 100% of his salary.

**Results.** MHSA is funding the entirety of the Program Manager position costs, while the majority of the position is being utilized in non-MHSA authorized activities.

**Please see Appendix A for Program Response**

14. **Documentation sufficient to support allowable expenditures.** Does the organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the plan element?

**Method.** Match one month of supporting documentation (MHSA Monthly Budget Report) for identification of personnel costs and operating expenditures charged to the cost center.

**Discussion.** Documentation shows that three behavioral health positions are charged against the CSS cost center.

**Results.** Documentation maintained by the County supports the personnel costs charged to the plan element.

15. **Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows)?

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of plan element.

**Discussion.** The plan element is part of the County and by definition complies with the accrual basis of accounting.

**Results.** There is sufficient documentation to support expenditures charged to the appropriate year.

16. **Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the program's allocation of administrative/indirect costs to the plan element commensurate with the benefit received by the plan element?

**Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of plan element.

**Discussion.** The County has opted not to charge any indirect cost to the plan element.

**Results.** No indirect costs have been charged to the plan element.

17. **Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract.

**Method.** Review insurance policies.

**Discussion.** The plan element is part of the County and is not subject to maintaining separate insurance policies.

**Results.** Not applicable.

18. **Effective communication between contract manager and contractor.** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.

**Method.** Interview contract manager and contractor staff.

**Discussion.** There is semi-regular communication between the MHSA Analyst and Miller Wellness Center staff regarding activities specific to MHSA.

Nonetheless, more communication is needed to establish targets and outcome goals for the CSW program. Moreover, Miller Wellness Center serves many clients who may be diverting or discharging from PES, are uninsured, or needing service due to wait times at regular clinics. There is an opportunity for much more streamlined communication between all these systems and the Center.

**Results.** There should be regular communication between the MHSA Analyst and Miller Wellness Center staff regarding MHSA funded programs in order to identify targets and outcome measures.

**Please see Appendix A for Program Response**

**VIII. Summary of Results.**

The Miller Wellness Center’s behavioral health services team provides urgent care, recovery-oriented outreach and engagement, mental health, and support services to a variety of consumers in Contra Costa County. The program is appropriately staffed and the program’s mission and practices are consistent with the principles of the MHSA. Clients fully endorsed the positive impact the programs have had on their health and wellbeing.

**IX. Findings for Further Attention.**

- It is recommended that the Program Manager work with the CSW team, the on-site clinic manager, and the rest of the behavioral health services team to establish clear roles, tasks, and procedures for the CSWs in order to best complement the overall team and to better support the CSW staff.
- Annual service targets and performance indicators are needed, with a means to gather and report upon these measures.
- MHSA is funding the entirety of the Program Manager position costs, while the majority of the position is being utilized in non-MHSA authorized activities.

**X. Next Review Date.** March 2020

**XI. Appendices.**

Appendix A – Program Response

Appendix B – Program Profile

**XII. Working Documents that Support Findings.**

Staff/Provider Interviews

Consumer, Family Member Surveys

County MHSA Monthly Financial Report

Progress Reports, Outcomes

MHSA Three Year Plan and Update(s)

# **APPENDIX A**

## **Program Response to Review**



WILLIAM B. WALKER, M.D.

HEALTH SERVICES DIRECTOR



CONTRA COSTA REGIONAL  
MEDICAL CENTER & CLINICS

2500 Alhambra Ave  
Martinez, CA 94553  
Ph (925) 370-5000

**Date: August 28, 2017**

**To: Stephanie Chenard and Warren Hayes**

**From: Mariana Noy, Mental Health Chief, Outpatient Social Services**

**Subject: MHSA Program and Fiscal Review Response**

This memo is being issued in response to on-site review of George & Cynthia Miller Wellness Center (MWC) that occurred on February 24, 2017 and March 20, 2017. This response will address the two “partially met” and three “unmet” findings, in hopes of improving patient care and wellness as intended by MHSA.

3. Provide the services which funding was allocated – partially met. The report indicated that staff roles are not clearly defined and that the Program Manager work with the CSW team to establish clear roles. In July 2017 MWC management introduced Behaviorist Triage decision tree to help guide decisions and Behaviorist Standard Work Instructions. Management has also started partnering with Community Support Workers (CSW) to work on draft Standard Work Instructions. We have trained CSW’s on Health Leads Reach application which is a social needs resource tracks successful community connections. Also, CSW’s involved in Behavioral Health integration improvement project where they had added significant value. Overall, the goal is to define CSW role into addressing social needs and partners in improvement.

5. Serve the number of individuals that have been agreed upon – unmet. MWC management is committed to working together with Behavioral Health division and consumers to define the number of individuals served by the CSWs, so that this finding is adequately addressed on the next report.

6. Achieve the outcomes that have been agreed upon – unmet. MWC management is committed to working together with Behavioral Health Division and consumers to define performance measures for CSWs, so that this finding is adequately addressed on the next report.

13. Document sufficient to support invoices – not met. The report indicates that the Program Manager who is funded 100% by MHSA only spends 10 to 25 % of his time supervising MWC program. Starting September 1, 2017 the MHSA funded Program Manager will only supervise programs that are MHSA-funded and Behavioral Health focused, which includes MWC and embedded Behaviorist in primary care.

18. Effective communication between contract manager and contractor – partially met. MWC Management and MHSA Analyst have agreed to have quarterly meetings to identify targets and outcome measures.

In conclusion, Contra Costa Regional Medical Center and Clinics is honored to have our own peer workforce dedicated to recovery principles and improvement. We appreciate the opportunity to review MWC service delivery and discussion around improvement.



# APPENDIX B

## Program Profile

### George and Cynthia Miller Wellness Center (Behavioral Health)

Point of Contact: Thomas Tighe, Mental Health Program Manager

Contact Information: 25 Allen Street, Martinez CA 94553.

(925) 890-5932 [Thomas.Tighe@hsd.cccounty.us](mailto:Thomas.Tighe@hsd.cccounty.us)

#### 1. General Description of the Organization

The Behavioral Health Services Division of Contra Costa Health Services combines Mental Health, Alcohol & Other Drugs and Homeless Program into a single system of care. The George and Cynthia Miller Wellness Center is a Federally Qualified Health Center under the Contra Costa Health Services Hospital and Clinics Division.

#### 2. Program: George and Cynthia Miller Wellness Center (Formerly the Assessment and Recovery Center)

The George and Cynthia Miller Wellness Center (Miller Wellness Center) provides a number of services to the Contra Costa Behavioral Health Services' system of care consumers that includes the diversion of children and adults from Psychiatric Emergency Services (PES). Children and adults who are evaluated at PES may step-down to the Miller Wellness Center if they do not need hospital level of care. The Miller Wellness Center offers urgent same-day appointments for individuals who are not open to the Contra Costa Mental Health System, or who have disconnected from care after previously being seen. Services include brief family therapy, medication refills, substance abuse counseling, and general non-acute assistance. In addition, the Center provides appointments for patients post psychiatric inpatient discharge. This provides the opportunity for a successful transition that ensures that medications are obtained and appointments are scheduled in the home clinic. The behavioral health service site is located in a Federally Qualified Health Center with separate entrances from the physical health side.

- a. Target Population: Children and adults who are being diverted from PES, transition from inpatient, and consumers not yet connected to the outpatient system of care.
- b. Total Budget: \$319,819
- c. Staff funded through MHSA: 3 FTE – A Program Manager, and two Community Support Workers.
- d. Number Served: To Be Determined
- e. Outcomes: To Be Determined

# Mental Health Services Act (MHSA)

## Program and Fiscal Review

- I. **Date of On-site Review:** May 26, 2017  
**Date of Exit Meeting:** October 19, 2017
  
- II. **Review Team:** Stephanie Chenard, Windy Murphy
  
- III. **Name of Program:** Putnam Clubhouse  
3024 Willow Pass Road, Suite #230  
Concord, CA 94519
  
- IV. **Program Description.** Putnam Clubhouse provides a safe, welcoming place where participants (called members) who are recovering from mental illness build on personal strengths instead of focusing on illness. Members work as colleagues with peers and a small staff to maintain recovery and prevent relapse through work and work-mediated relationships. Members learn vocational and social skills while doing everything involved in running the Clubhouse.

Putnam Clubhouse's peer-based programming helps adults recovering from psychiatric disorders access support networks, social opportunities, wellness tools, employment, housing, and health services. The work-ordered day program helps members gain pre-vocational, social, and healthy living skills as well as access vocational options within Contra Costa County. The Clubhouse teaches skills needed for navigating/accessing the system of care, helps members set goals (including educational, vocational, and wellness), provides opportunities to become involved in stigma reduction and advocacy. Ongoing community outreach is provided throughout the County via presentations and by distributing materials, including a brochure in both English and Spanish. The Clubhouse hosts Career Corner, an online career resource blog for mental health consumers in Contra Costa. The Young Adult Initiative provides weekly activities and programming planned by younger adult members to attract and retain younger adult members in the under-30 age group. Putnam Clubhouse helps increase family wellness and reduces stress related to caregiving by providing respite through Clubhouse programming and by helping Clubhouse members improve their independence.

**V. Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end a comprehensive program and fiscal review was conducted of the above program. The results of this review are contained herein, and will assist in a) improving the services and supports that are provided, b) more efficiently support the County’s MHSA Three Year Program and Expenditure Plan, and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this program in order to review past and current efforts, and plan for the future.

**VI. Summary of Findings.**

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSA	Met	Consumers and family members indicate the program meets the values of MHSA
2. Serve the agreed upon target population.	Met	Program improves timely access to the target population.
3. Provide the services for which funding was allocated.	Met	Funds services consistent with the agreed upon Service Work Plan.
4. Meet the needs of the community and/or population.	Met	Services are consistent with the Three Year Plan
5. Serve the number of individuals that have been agreed upon.	Met	Target service numbers are reached.
6. Achieve the outcomes that have been agreed upon.	Met	Program meets its outcomes
7. Quality Assurance	Met	Client and staff interviews attest to high standards of care.
8. Ensure protection of confidentiality of protected health information.	Partially Met	Program should add an extra level of security to storage of member intake forms.

9. Staffing sufficient for the program	Met	Staffing level supports targeted service numbers.
10. Annual independent fiscal audit	Met	No material or significant weaknesses were noted for FY 14/15. Awaiting 2016 external audit.
11. Fiscal resources sufficient to deliver and sustain the services	Met	The Putnam Clubhouse has significant net assets to withstand significant revenue interruptions.
12. Oversight sufficient to comply with generally accepted accounting principles	Met	Experienced staff implement sound check and balance system.
13. Documentation sufficient to support invoices	Met	Uses established software program with appropriate supporting documentation protocol.
14. Documentation sufficient to support allowable expenditures	Met	Method of accounting for personnel time and operating costs appear to be supported.
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	No billings noted for previous fiscal year expenses.
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	Met	All Indirect charged to program costs.
17. Insurance policies sufficient to comply with contract	Met	Necessary insurance is in place
18. Effective communication between contract manager and contractor	Met	The County and program meet regularly.

**VII. Review Results.** The review covered the following areas:

- 1. Deliver services according to the values of the Mental Health Services Act** (California Code of Regulations Section 3320 – MHSa General Standards).  
Does the program collaborate with the community, provide an integrated service

experience, promote wellness, recovery and resilience, be culturally competent, and be client and family driven.

**Method.** Consumer, family member and service provider interviews and consumer surveys.

**Discussion.**

Survey Results

We received 78 responses to the survey. The majority of the survey responses were consistent with consumer interviews; namely, they show a positive evaluation of the program; and that the program adheres to MHSA values.

Questions	Responses: n=78				
Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:	Strongly Agree 4	Agree 3	Disagree 2	Strongly Disagree 1	I don't know n/a
1. Help me improve my health and wellness.	Average score: 3.50 (n=73)				
2. Allow me to decide what my own strengths and needs	Average score: 3.38 (n=75)				
3. Work with me to determine the services that are most helpful	Average score: 3.32 (n=76)				
4. Provide services that are sensitive to my cultural background.	Average score: 3.31 (n=62)				
5. Provide services that are in my preferred language	Average score: 3.62 (n=73)				
6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.34 (n=74)				
7. Are open to my opinions as to how services should be provided	Average score: 3.35 (n=75)				
8. What does this program do well?	<ul style="list-style-type: none"> <li>• Engaging &amp; welcoming members, Helping members identify &amp; utilize strengths</li> <li>• Helps me learn new social skills, and improve those I already have.</li> <li>• The program really provides great food and entertainment.</li> <li>• It provides a structured work ordered day. It helps keep people busy and not focused on their individual mental illness.</li> <li>• This program helps you to find your true self.</li> <li>• Keeps me out of isolation</li> </ul>				

	<ul style="list-style-type: none"> <li>• Providing mental health education and services that help me be mentally prepared for today</li> <li>• Inclusive</li> <li>• Provide members tools to reunite to the outside world.</li> <li>• Provides a base and place to make friends who also go through hard times &amp; tough life.</li> <li>• They provide wellness advocacy skills and chances to get included in mindful activities</li> <li>• Creates an environment of dignity and respect</li> </ul>
<p>9. What does this program need to improve upon?</p>	<ul style="list-style-type: none"> <li>• Family involvement</li> <li>• A wider variety of choices in the work-ordered day.</li> <li>• The program needs to be a little bit more flexible about incorporating new ideas.</li> <li>• Journaling should be made into an hour long program.</li> <li>• Respect for others</li> <li>• Being friendly</li> <li>• Providing more employment/volunteer opportunities</li> <li>• More social recreational activities and outings on weekends, and less work ordered day.</li> <li>• Equal playing field with members and staff. Empowering members to be responsible.</li> <li>• Not being so stern when talking to mentally ill person</li> <li>• I think the program needs to develop better measures for when incidents happen, such as when someone gets comments and therefore afraid to come back to the program.</li> <li>• Rest areas-showers-wifi</li> <li>• Possibly a counseling service nearby (walking distance or close for free counseling) since clubhouse rules don't allow mental health counseling.</li> </ul>

<p>10. What needed services and supports are missing?</p>	<ul style="list-style-type: none"> <li>• More access to transportation support.</li> <li>• When the clubhouse is full, more computers and work areas to help assign work to the members on that day.</li> <li>• Bike racks</li> <li>• There needs to be more supports in hospitality. Lunches need to be improved to involve a healthier diet and more variety.</li> <li>• Needs more space</li> <li>• More art classes</li> <li>• We need to make the clubhouse more accessible to people in wheel chairs or walkers or canes.</li> <li>• More sports activities</li> <li>• Email list serve that connects members to employment opportunities.</li> <li>• Job opportunities and family crisis support</li> </ul>			
<p>11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential?</p>	<p>Very Important 4</p>	<p>Important 3</p>	<p>Somewhat Important 2</p>	<p>Not Important 1</p>
<p>12. Any additional comments?</p>	<p>Average score: 3.41 (n=77)</p> <ul style="list-style-type: none"> <li>• This is a great program.</li> <li>• Since joining my life has regained a sense of hope.</li> <li>• I think the clubhouse provides a great service and has helped me improve my quality of life.</li> <li>• I am just glad with how far I have come in the time I have been here.</li> <li>• Putnam has made me comfortable in my own skin. I enjoy coming here and socializing with others like me.</li> <li>• Putnam services have been great in helping improve how I feel about life. I feel great and more confident than ever.</li> <li>• We thank you.</li> <li>• A great place with great help and great people.</li> <li>• The clubhouse is too much like coming to a job. There should be more fun, social and classes.</li> </ul>			



	<ul style="list-style-type: none"> <li>• Coming to the clubhouse is the biggest highlight of my day. I feel like I can be myself and most importantly, I feel accepted and understood and see my own potential. My worth along with my personal growth and tolerance of being around people.</li> <li>• Yes, I was helped out immensely when I was having a manic episode. I was listened to for maybe 1.5 hours before getting professional psychiatric help.</li> <li>• I love you all.</li> </ul>
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### Consumer Interview

The consumer and family member interview session was attended by approximately 30-35 consumers and family members of mixed genders, ethnicities, and ages, all of whom engage in various levels of the services that Putnam Clubhouse provides. The individuals' experience with Putnam ranged from a few months up to 9-1/2 years. Consumers who become "members" of the Clubhouse were referred to Putnam Clubhouse through a variety of sources including: family members, NAMI, the County Adult Mental Health Clinics, community events, individual therapists or doctors, case workers, and some by friends.

Overall, the interview participants were very appreciative of the services provided by Putnam Clubhouse and most reported that staff are very responsive to their needs. During the interviews, things that members specifically identified as positives of the program were:

- Staff that are supportive and passionate;
- A place where they felt welcome, secure, and safe;
- Being able to develop friends and a social support network
  - Peer support and relationship-building through the program was highlighted by most members as a key element to their success
  - One member noted, "I don't feel like I have a mental illness when I'm here," and, "I like feeling ordinary."
- Outreach to members who have not attended for awhile makes people feel needed and less isolated;
- Family events help include and involve families in the member's recovery; helped family members be more accepting of members' mental illnesses, and assisted with family communication to develop better coping skills;

- Focus on strengths, rather than illness or treatment;
- Developing real and practical skills towards independent living.

These positives speak squarely to the MHSA values. However, there were also some areas identified by the Citizens for improvement. Some of these issues were:

- Transportation was a challenge for several participants;
- A desire for more outreach in the community to inform people about the program;
- Additional afternoon or weekend programming;
- Wider variety in class offerings (suggestions included more focus on arts, crafts, and creative writing);
- More family events outside of holiday celebrations.

#### Staff Interview:

Seven line staff members were interviewed in a group session. The staff participants shared many positive attributes about the program, such as: the program being very member-driven and able to adapt to current and changing needs of the membership body; focus on individual strengths (not treatment or illness) to help reduce stigma of mental illness; working to include underserved populations; helping to build autonomy for members – people learning to do things for themselves.

Staff also identified several areas of improvement. The limited space in the program has presented challenges to a growing member population. Staff also mentioned transportation challenges within the County as a barrier to serving people who want to engage in services. They also indicated that the lack of resources, such as housing, dental, and other specialty needs are difficult in helping members fully realize their goal of job placement and independence.

Putnam strives to be a supportive community where individuals and families learn how to manage their challenges, and serve as a provider of direct early intervention services.

**Results.** Putnam Clubhouse implements services according to the values of the Mental Health Services Act.

2. **Serve the agreed upon target population.** For Prevention and Early Intervention, does the program serve individuals and families who are at risk for developing a serious mental illness or serious emotional disturbance. Does the program serve the agreed upon target population (such as age group, underserved community).

**Method.** Compare the program description and/or service work plan with a random sampling of client charts or case files.

**Discussion.** Putnam Clubhouse serves Contra Costa County residents with identified mental illness and their families. The program requires a referral from a treating clinician to verify eligibility.

**Results.** The program serves the agreed upon population.

3. **Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon.

**Method.** Compare the service work plan or program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

**Discussion.** Monthly service summaries as well as semi-annual reports show that the program is providing peer-based relapse prevention programming through the standards of Clubhouse International, the SAMHSA-endorsed, evidence-based recovery model, including:

- Work-ordered day programming
- Career development services
- On-site life skill, recreational, and respite services
- Limited transportation services
- Member outreach
- Young adult initiative
- Community outreach programs

**Results.** The program provides the services for which funding was allocated.

4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed. Has the program been authorized by the Board of Supervisors as a result of a community program planning process. Is the program consistent with the MHSA Three Year Program and Expenditure Plan.

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

**Discussion.** Programming for *Building Connection in Underserved Cultural Communities* was included in the original PEI plan that was approved in May 2009 and included in subsequent plan updates. The program has been authorized by the Board of Supervisors and is consistent with the current MHSA Three-Year Program and Expenditure Plan as well as the proposed PEI regulations on prevention programs. Programs and strategies pursue timely access to mental health services and linkages for individuals and families from underserved populations. Interviews with service providers and program participants support the notion that the program meets its goals and the needs of the community it serves.

**Results.** The program meets the needs of the community and the population for which it is designated.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years.

**Method.** Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

**Discussion.** The program's target service numbers as detailed in the Service Work Plan of their contract is to provide prevention and early intervention services for 300 families (members & caregivers). Over the past three years, the program has often served close to their target, and at times, exceeded their target numbers.

**Results.** The program serves the number of people that have been agreed upon, and at times exceeds the target enrollment number.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how has the outcomes been trending.

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Discussion.** Putnam Clubhouse has a few well-defined program objectives as part of the service work plan that include: preventing relapse of individuals in recovery and increase protective factors by:

- Providing comprehensive peer-based programming that helps members develop and access the support networks, health services, vocational skills, social opportunities, wellness tools, and self-confidence needed to sustain stable, productive, and more independent lives.
- Enhancing overall family well-being through Clubhouse participation such that stress related to caregiving is reduced.

The program has provided an annual report summarizing their progress towards meeting their program outcomes.

**Results.** Overall, the program achieves its primary objectives.

7. **Quality Assurance.** How does the program assure quality of service provision.

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** One grievance was filed against Putnam Clubhouse in the last three years; however, it was investigated and quickly resolved. The program has an internal grievance policy in place. Since the program does not provide billable services, it not subject to utilization review.

**Results.** Quality of services is monitored. The program provides quality services as evidenced by the above. The program has a quality assurance process in place.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol.

**Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the program's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** The program does not provide direct clinical services and thus does not generally keep clinical documentation onsite. The program does, however, keep new member enrollment files on individual clients, which includes diagnostic information from treating clinicians. The files are kept on a secure server and in a locked office; however, many of these forms are kept in document boxes. It is recommended that Putnam store these intake enrollment forms in a locked cabinet in a locked office to ensure proper confidential

protection of members' diagnostic information. Program participants are informed about their privacy rights and rules of confidentiality.

**Results.** Putnam maintains necessary privacy policies and procedures, with recommendations as noted.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support.

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Discussion.** Putnam Clubhouse has an organizational structure of filled positions indicating a sufficient number and type of staff to support their operations. The experience level of the Putnam Clubhouse staff varied from years of experience in mental health to this being their first position in a mental-health related role. Clubhouse International has a substantial training program, and is still aiming to identify and address a variety of mental health issues in their training process.

**Results.** Sufficient staffing has been in place to serve the number of clients outlined in the most recent Service Work Plans.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Discussion.** The Contra Costa Clubhouses, Inc. is a nonprofit corporation formed by concerned community members for the purpose of serving Contra Costa County residents recovering from severe mental illness. The organization is committed to providing social and vocational rehabilitation programs using the model of Clubhouse International, formerly the International Center for Clubhouse Development (ICCD). The Contra Costa Clubhouses, Inc. fills critical gaps in Contra Costa County's continuum of care for adults with severe mental illness through operating Putnam Clubhouse, an evidence-based, peer support, and cost-effect social and vocational intervention. The organization has a total operating budget of \$804,000 with its primary source of income being its annual MHSa funded CCBHS contract of \$549,402. Following an extensive multi-year review conducted by Clubhouse International, in May of 2011 the Organization was awarded its first three year accreditation. Accreditation involved a comprehensive evaluation in terms of fidelity to 36 international standards established for clubhouse programs.

**Results.** Annual independent fiscal audits for FY 2013-14 and 14-15 were provided and reviewed but the fiscal audit for FY 2016 hasn't been received yet. No material or significant findings were noted.

- 11. Fiscal resources sufficient to deliver and sustain the services.** Does organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program.

**Method.** Review audited financial statements and Board of Directors meeting minutes. Interview fiscal manager of program.

**Discussion.** The organization appears to be operating within the budget constraints provided by their authorized contract amount, and thus appears to be able to sustain their stated costs of delivering PEI services for the entirety of the fiscal year. There were no issues identified in the Board of Directors minutes related to the program or organization's fiscal position indicated their operating cash balance is sufficient and that they have a daily process to track cash flows.

**Results.** Fiscal resources are currently sufficient to deliver and sustain services.
- 12. Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles.

**Method.** Interview with fiscal manager.

**Discussion.** The Executive Director, Molly Hamaker, and Putnam Clubhouse Director, Tamara Hunter, were interviewed. Both maintain that there is a segregation of financial duties and that a hired CPA firm that specializes in non-profit reviews books annually. Also, a bookkeeper and Certified Public Accountant (CPA) provide a two person check and balance system. Established protocols are in place to enable a check and balance system to assure compliance with generally accepted accounting principles. The organization uses QuickBooks Desktop Pro to track personnel time entry and aggregation to enable accurate summaries for billing and payment.

**Results.** Sufficient oversight exists to enable compliance with generally accepted accounting principles.
- 13. Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing.

**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.

**Discussion.** A randomly selected invoice for each of the last three years was matched with supporting documentation provided by the agency. A clear and

accurate connection was established between documented hours worked and submitted invoices.

**Results.** Uses established software program with appropriate supporting documentation protocol.

**14. Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program.

**Method.** Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the county.

**Discussion.** Line item personnel and operating costs were reviewed for appropriateness. All line items submitted were consistent with line items that are appropriate to support the service delivery.

**Results.** Method of allocation of percentage of personnel time and operating costs appear to be justified and documented.

**15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program.

**Discussion.** Total contract billing was within contract limits, with no billing by this agency for expenses incurred and paid in a previous fiscal year.

**Results.** Putnam appears to be implementing an appropriate year end closing system.

**16. Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program.

**Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.

**Discussion.** There are no indirect costs associated with this contract.

**Results.** All allowable costs are captured in a specific budget line item within the Program cost category.



**17. Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract.

**Method.** Review insurance policies.

**Discussion.** The program provided general liability insurance policies that were in effect at the time of the site visit.

**Results.** The program complies with the contract insurance requirements.

**18. Effective communication between contract manager and contractor.** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.

**Method.** Interview contract manager and contractor staff.

**Results.** Program staff and county communicate regularly and in recent months increasingly to discuss outcomes and reporting requirements.

**Discussion.** The program has good communication with the contract manager.

## **VIII. Summary of Results.**

Putnam Clubhouse is committed to delivering prevention services through peer-based programming that focuses on promoting access to support networks, social opportunities, wellness tools, employment, housing, and health services. The Putnam Clubhouse program adheres to the values of MHSA and serving their target population. The program is meeting the outcomes detailed in their contract. Putnam appears to be a financially sound organization that follows generally accepted accounting principles, and maintains documentation that supports agreed upon service expenditures. Issues for attention pertain primarily to tightening privacy of storage of files.

## **IX. Findings for Further Attention.**

- It is recommended that Putnam store member intake enrollment forms in a locked cabinet in a locked office to ensure proper confidential protection of members' diagnostic information.

## **X. Next Review Date.** May 2020

## **XI. Appendices.**

Appendix A – Program Description/Service Work Plan

Appendix B – Service Provider Budget

Appendix C – Yearly External Fiscal Audit

Appendix D – Organization Chart

## **XII. Working Documents that Support Findings.**

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

Progress Reports, Outcomes

Monthly Invoices with Supporting Documentation

Indirect Cost Allocation Methodology/Plan

Board of Directors' Meeting Minutes

Insurance Policies

MHSA Three Year Plan and Update(s)

## Appendix A

### Putnam Clubhouse

Point of Contact: Tamara Hunter, Clubhouse Director;  
Molly Hamaker, Executive Director

Contact Information: 3024 Willow Pass Rd #230, Concord CA 94519; 925-691-4276; [www.putnamclubhouse.org](http://www.putnamclubhouse.org); Tamara: 510-926-0474, [tamara@putnamclubhouse.org](mailto:tamara@putnamclubhouse.org); Molly: 925-708-6488, [molly@putnamclubhouse.org](mailto:molly@putnamclubhouse.org)

#### 1. General Description of the Organization

Putnam Clubhouse provides a safe, welcoming place, where participants (called members), recovering from mental illness, build on personal strengths instead of focusing on illness. Members work as colleagues with peers and a small staff to maintain recovery and prevent relapse through work and work-mediated relationships. Members learn vocational and social skills while doing everything involved in running The Clubhouse.

#### 2. Program: Preventing Relapse of Individuals in Recovery - PEI

##### a. Scope of Services:

- i. Project Area A: Putnam Clubhouse's peer-based programming helps adults recovering from psychiatric disorders access support networks, social opportunities, wellness tools, employment, housing, and health services. The work-ordered day program helps members gain prevocational, social, and healthy living skills as well as access vocational options within Contra Costa. The Clubhouse teaches skills needed for navigating/accessing the system of care, helps members set goals (including educational, vocational, and wellness), provides opportunities to become involved in stigma reduction and advocacy. Ongoing community outreach is provided throughout the County via presentations and by distributing materials, including a brochure in both English and Spanish. The Clubhouse hosts Career Corner, an online career resource blog for mental health consumers in Contra Costa. The Young Adult Initiative provides weekly activities and programming planned by younger adult members to attract and retain younger adult members in the under-30 age group. Putnam Clubhouse helps increase family wellness and reduces stress related to caregiving by providing respite through Clubhouse programming and by helping Clubhouse members improve their independence.

- ii. Project Area B: Putnam Clubhouse assists the Office for Consumer Empowerment (OCE) in developing a new, comprehensive peer and family-member training program in Contra Costa County that will expand upon the existing SPIRIT courses and prepare students to be certified as peer and family providers in California.
  - iii. Project Area C: Putnam Clubhouses assists the Department of County Mental Health in a number of other projects, including organizing community events and the administering consumer perception surveys.
- b. Target Population: Contra Costa County residents with identified mental illness and their families.
  - c. Payment Limit: \$549,402.
  - d. Number served: For FY 15/16: 314 members.
  - e. Outcomes:
    - 74 new members enrolled; 23 were young adults ages 18-25 years.
    - 85% of family members who completed a survey reported that Clubhouse activities and programs provided them with respite care and 96% reported a high level of satisfaction with Clubhouse activities and programs.
    - 90% of family members of program participants and 86% of members completing the annual survey reported that the member's independence increased; 90% of members completing the survey reported an increase in peer contacts.
    - 90% of members & caregivers completing the annual survey reported an increase in mental, physical, and emotional well-being
    - 90% of members using career services were "very satisfied" or "satisfied" with the services related to employment and education.
    - Members began and/or sustained paid employment with Clubhouse support.
    - Members received support starting and/or continuing school attendance.
    - Members experienced a significant decrease in hospitalizations/re-hospitalizations and out-of-home placements
    - 2016 SPIRIT graduation coordinated by the Clubhouse.
    - Consumer holiday party in December coordinated by the Clubhouse in collaboration with multiple agencies, including OCE.
    - The Clubhouse administered the MHSIP consumer surveys for two separate weeks at area clinics under the supervision of Contra Costa Mental Health.

## Appendix B

### SERVICE WORK PLAN

Agency: The Contra Costa Clubhouses, Inc.

Number: 74-382

Project Areas: A) Prevention: Relapse prevention for those in recovery from a serious mental illness, B) Career Corner Project, C) Events and Evaluations, D) PIER Project

Fiscal Year: July 1, 2016 – June 30, 2017

#### **I. Scope of Services**

**PROJECT AREA A:** The Contra Costa Clubhouses, Inc. operates Putnam Clubhouse which provides peer-based relapse prevention programming for adults throughout Contra Costa County in recovery from psychiatric disorders, helping them to develop the support networks, vocational skills, wellness tools, social opportunities, and self-confidence needed to sustain stable, productive, and more independent lives. Participants are provided with ongoing staff and peer assistance in accessing the mental and physical health services needed to support their recovery. Participants are intentionally called members, not patients, clients, or consumers. They work together as colleagues with peers and a small, trained staff to build on personal strengths, rather than focusing on illness. The term “member” reflects the voluntary, community-based nature of the Clubhouse, making clear that members are significant contributors to both the program and their own well-being. Participation is voluntary, at no cost to members, and available for ongoing support. At all times members choose the activities they participate in as well as the staff and other members they wish to work with when at the Clubhouse. Putnam Clubhouse members are partners in their own recovery—rather than passive recipients of treatment—and the expectation is that each person with a mental illness can rebuild a meaningful and productive life regardless of diagnosis or background. Due to the peer-to-peer nature of the Clubhouse, the language capacity and cultural diversity of the membership greatly extends the Clubhouse’s ability to sensitively meet the needs of members from a wide variety of backgrounds.

All programming meets the standards of Clubhouse International, the SAMHSA-endorsed, evidence-based recovery model. Putnam Clubhouse has been accredited by Clubhouse International continuously since 2011. The rigorous accreditation process requires the Clubhouse to provide comprehensive annual program data to Clubhouse International, participate in ongoing external training, and receive an onsite review every three years by Clubhouse International faculty to ensure fidelity to the standards of the model.

The following services are provided with PEI funding: Work-ordered day programming weekdays Monday through Friday, during which participants gain prevocational skills, social skills, healthy living skills, and access to career development options within the greater community. Assistance and support is provided with navigating the system of care and accessing services, including benefits, housing, mental health care, and primary care. Lunch (including a hot meal and salad bar option on weekdays) is planned, prepared, and served by members to members each day the Clubhouse is open. Dinners are provided during evening hours. Career Development Services include assistance with setting goals, returning to school, finding/maintaining paid work, including transitional employment (placements secured by the Clubhouse with area business), supported employment and independent employment. On-site Life Skills, Recreational, and Respite Services with meals two weeknights and twice monthly on weekends at the Clubhouse in Concord, including: expressive arts, vocal, the Clubhouse band, visual arts, and creative writing; TGIF Socials, including karaoke, dancing, games, conversation, and movies; Health Watch, including goal setting, noontime group exercise activity daily, hikes, yoga, nutrition, weight loss, accessing health services, and smoking cessation. Increased social connection, improved independence, and enhanced ownership of personal health outcomes serve as relapse protection protective factors. Transportation Services are provided at no cost by van to some members for evening and weekend activities. Transportation assistance is also provided to transitional employment, school, and service appointments as needed and

Initials: \_\_\_\_\_  
County / Contractor

## Appendix B

### SERVICE WORK PLAN

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Fiscal Year: July 1, 2016 – June 30, 2017

when possible. Members are assisted with using public transportation options to increase independence. Member Outreach is provided daily by staff and peers via telephone, email and home visits to stay in touch and encourage program participation as well as to inquire about the member's well-being. The Young Adult Initiative provides weekly activities and programming planned by younger adult members to attract and retain younger adult members in the under-30 age group. Outreach Programs for case managers and County social service staff, area hospitals, medical providers, and community-based organizations; newsletter, website, brochure (in both English and Spanish), and dissemination of written materials through NAMI and other consumer- or caregiver-focused agencies, outreach events, and opportunities targeting monolingual and LEP consumers and caregivers in their community.

**PROJECT AREA B:** In collaboration with Contra Costa County Mental Health Office for Consumer Empowerment (OCE), Putnam Clubhouse produces and hosts Career Corner, an online blog that focuses on all aspects of vocational rehabilitation for mental health consumers in Contra Costa County including stigma reduction with the goal of full inclusion through employment. As part of the work-ordered day, members and staff work together to select content for posting that will inform, motivate, and help reduce stigma related to employment and education. Blog postings occur on a frequent basis (at least 124 postings during the contract year) and will include a wide variety of video, audio, photographs, links to pertinent resources, and written entries. The blog will continue to be promoted widely throughout the County at County clinics and programs, at nonprofit programs, through social media and email blasts, through press releases, and with links on partner websites. Also in collaboration with OCE, Putnam Clubhouse will develop, promote, and deliver four career workshops that will be open to all mental health consumers who are residents of Contra Costa County. The workshops will include information about overcoming stigma in the workplace and full inclusion. As well, these practical workshops will cover a wide range of career topics from skill building for getting a job (goal setting, resumes, interviews, etc.) to how to be successful on the job (getting along with others, workplace etiquette, staying healthy, etc.).

**PROJECT AREA C:** Putnam Clubhouse will coordinate three, countywide community events: the summer SPIRIT graduation celebration, the December holiday celebration, and the summer picnic. For each event, the Clubhouse will do the following: secure the venue, create and distribute promotional materials, encourage area agencies to collaborate and participate, find and coordinate volunteers, provide all supplies including gift bags for the holiday party, arrange for and provide refreshments (food and beverages), plan appropriate activities and/or entertainment, and oversee each event on the day it occurs. Putnam Clubhouse will oversee the administration of the Adult Consumer Perception Survey (the MHSIP) to Contra Costa County mental health consumers during two separate times and weeks to be determined by the State of California. The Clubhouse will recruit, coordinate, and supervise volunteer consumers to assist in MHSIP administration onsite at three Contra Costa County mental health clinics. The Clubhouse will provide two people (either member volunteers or staff) at up to 6 clinics each day during the two weeks of administration. The volunteers and staff will be trained in advance to help people complete the surveys and will encourage them to write in comments. Each person administering the surveys will complete HIPAA training. Putnam Clubhouse will provide transportation to the clinics for the volunteers and staff as needed. It will also provide raffle prizes as an incentive to those who take the surveys and appreciation gift cards to volunteer members who assist at the clinics. Contra Costa County Mental Health will notify the Clubhouse of the required dates, provide water, pencils, signage, the actual surveys, and training for the volunteers in how

Initials: \_\_\_\_\_  
County / Contractor

## Appendix B

### SERVICE WORK PLAN

Agency: The Contra Costa Clubhouses, Inc.

Number: 74-382

Project Areas: A) Prevention: Relapse prevention for those in recovery from a serious mental illness, B) Career Corner Project, C) Events and Evaluations, D) PIER Project

Fiscal Year: July 1, 2016 – June 30, 2017

to support/encourage consumers at the clinics in taking the MHSIP.

**PROJECT AREA D:** The Clubhouse will assist County Mental Health in implementing the Portland Identification and Early Referral (PIER) program for individuals at risk of psychosis, First Hope, by providing logistical and operational support.

#### **II. Types of Mental Health Services/Other Service-Related Activities**

During the term of this contract, the Contra Costa Clubhouses, Inc. will assist Contra Costa Mental Health in implementing the Mental Health Services Act (MHSA), by providing Prevention and Early Intervention services for relapse prevention for individuals in recovery from serious mental illness and support for their family members.

#### **III. Program Facilities/Hours of Operation /Staffing**

##### **A. Program Facilities Location**

Putnam Clubhouse

3024 Willow Pass Road, Suite 230, Concord, CA 94519

##### **B. Contact Person, Phone Number, and Email**

Molly Hamaker, Executive Director

925-708-6488      [molly@putnamclubhouse.org](mailto:molly@putnamclubhouse.org)

##### **C. Program Hours of Operation**

The Contra Costa Clubhouses will provide services between the hours of 9:00 am and 5:30 pm Monday and Thursday, 9:00 am and 5:00 pm, Tuesday, 9:00 am and 7:00 pm Wednesday and Friday, plus all major holidays and weekend hours at least once per month.

##### **D. Program Staffing (including staffing pattern)**

Contractor will employ a minimum of 5.0 FTE to provide direct services.

#### **IV. Volume of Services to be Provided**

Contractor will provide prevention and early interventions services and support to at least 300 families (members & caregivers). Contractor shall attach to the billing a Monthly Contract Service /Expenditure Summary (Form: MHP029) with the total number of services provided for the month and the additional unduplicated (for the year) number of clients served during the month.

#### **V. Billing Procedure**

Contractor shall submit a Demand for Payment (Form: D15.19) for services rendered to Contra Costa Mental Health. Contractor shall attach to the billing a Monthly Contract Service/Expenditure Summary (Form: MHP029) with actual expenditure information for the billing period.

Demands for payment should be submitted by mail to:

Jennifer Bruggeman, LMFT  
Mental Health Services Act Program Supervisor  
Prevention and Early Intervention  
Contra Costa County Health Services  
1340 Arnold Drive, Suite 200

Initials: \_\_\_\_\_  
County / Contractor

## Appendix B

### SERVICE WORK PLAN

Agency: The Contra Costa Clubhouses, Inc.

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Project Areas: A) Prevention: Relapse prevention for those in recovery from a serious mental illness, B) Career Corner Project, C) Events and Evaluations, D) PIER Project

Fiscal Year: July 1, 2016 – June 30, 2017

Martinez, CA 94553 , Ph. [925-957-7548](tel:925-957-7548)

#### **VI. Outcome Statements**

Prevent relapse of individuals in recovery and increase protective factors by:

1. Providing comprehensive peer-based programming that helps members develop and access the support networks, health services, vocational skills, social opportunities, wellness tools, and self-confidence needed to sustain stable, productive, and more independent lives.
2. Enhancing overall family well-being through Clubhouse participation such that stress related to caregiving is reduced.

#### **VII. Measures of Success 2016-2017**

- A. Members will spend at least 40,000 hours annually engaged in Clubhouse programming.
- B. At least 70 newly enrolled Clubhouse members will participate in at least one Clubhouse activity, including 12 young adults ages 18-25.
- C. At least 40 activities held for young adult members ages 18-25
- D. At least 120 members & their family members will complete the annual survey.
- E. At least 75% of family members completing the annual survey will report that Clubhouse activities and programs provided them with respite care.
- F. At least 75% of family members completing the annual survey will report a high level of satisfaction with Clubhouse activities and programs.
- G. At least 75% of family members and Clubhouse members completing the annual survey will report that the Clubhouse member's independence increased.
- H. At least 75% of Clubhouse members who use career services will indicate that they are "very satisfied" or "satisfied" with the services related to employment and education.
- I. At least 80% of Clubhouse members who indicate education in their career plan (return to school/finish degree/enroll in a certificate program) as a goal will be referred to appropriate education resources within 14 days.
- J. At least 80% of members indicating employment as a goal in their career plan will be referred to employers, apply for jobs, and/or have a job interview within 3 months of indicating goal.
- K. At least 9,000 meals will be served to members.
- L. At least 75% of members completing the annual survey will report an increase in peer contacts.
- M. At least 75% of Clubhouse members & family members completing the annual survey will report an increase in mental, physical, and emotional well-being.
- N. Decrease in hospitalizations and out-of-home placements of active Clubhouse members.

#### **VIII. Measurement/Evaluation Tools**

Contractor will provide documentation of measurement outcomes using the following tools:

- A. Daily Program Data Records.
- B. Annual Clubhouse Member Survey (includes opportunities for open-ended responses; access available during program hours and offsite via computer; assistance is given to members needing help completing surveys).
- C. Annual Family Member Survey (includes opportunities for open-ended responses; assistance is given to those needing help completing surveys).

Initials: \_\_\_\_\_  
County / Contractor



## Appendix B

### SERVICE WORK PLAN

Agency: The Contra Costa Clubhouses, Inc.

Number: 74-382

Project Areas: A) Prevention: Relapse prevention for those in recovery from a serious mental illness, B) Career Corner Project, C) Events and Evaluations, D) PIER Project

Fiscal Year: July 1, 2016 – June 30, 2017

- D. Annual Hospitalization/Out-of-Home Placement Survey (assistance is given to members needing help completing survey).
- E. Member Qualitative Program Impact Narratives.
- F. Weekly Community Meetings (include opportunities for member input).

#### **IX. Reports Required**

Contractor is asked to complete and submit a biannual reporting form on January 15, 2017 and on July 15, 2017 to document the program's plan/do/check/act quality process and track statistical information (i.e. age, gender, ethnicity, language, and client residence) of the target population(s) actually served, as defined by the Contractor and approved by the County during contract award and negotiation process.

Please submit all evaluation reports on a biannual basis via email to:

Michelle Rodriguez-Ziemer, LCSW  
Mental Health Services Act Program Supervisor  
Prevention and Early Intervention  
Contra Costa County Health Services  
1340 Arnold Drive, Suite 200  
Martinez, CA 94553  
Ph. [925-957-7548](tel:925-957-7548)

#### **X. Other**

Promotional materials for the program should identify the funding source: "Funded by the Mental Health Services Act in partnership with Contra Costa Mental Health." Contractor must attend the Regional Roundtable meetings sponsored by Contra Costa Mental Health.

Initials: \_\_\_\_\_  
County / Contractor

## **Appendix C**

### **Yearly External Fiscal Audit**

**THE CONTRA COSTA CLUBHOUSES, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2015 and 2014**

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**FINANCIAL STATEMENTS**  
**Years Ended December 31, 2015 and 2014**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses - Year Ended December 31, 2015	5
Statement of Functional Expenses - Year Ended December 31, 2014	6
Statements of Cash Flows	7
Notes to Financial Statements	8
REPORT ON INTERNAL CONTROL AND ON COMPLIANCE:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13



## **Noe and Company**

### **Independent Auditor's Report**

To the Board of Directors of  
**The Contra Costa Clubhouses, Inc.**  
Concord, California

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of The Contra Costa Clubhouses, Inc. (the "Organization"), a California nonprofit corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 risk 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Organization as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated December 2, 2016, on my consideration of the Organization's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Organization's internal control over financial reporting and compliance.

Oakland, California  
December 2, 2016

Noe and Company

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**

<b>Assets</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Current Assets:</b>		
Cash	\$ 114,155	\$ 121,658
Accounts Receivable	104,713	103,569
Prepaid Expenses	<u>10,509</u>	<u>9,974</u>
Total Current Assets	229,377	235,201
<b>Property and Equipment:</b>		
Furniture and Equipment	48,472	50,349
Vehicle	48,168	46,153
Leasehold Improvement	<u>6,940</u>	<u>6,940</u>
	103,580	103,442
Less: Accumulated Depreciation	<u>(99,226)</u>	<u>(91,935)</u>
Net Property and Equipment	4,354	11,507
Deposit	<u>3,600</u>	<u>3,600</u>
<b>Total Assets</b>	<b>\$ <u>237,331</u></b>	<b>\$ <u>250,308</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 5,749	\$ 1,396
Accrued Vacation	<u>21,350</u>	<u>12,594</u>
Total Current Liabilities	<u>27,099</u>	<u>13,990</u>
Total Liabilities	27,099	13,990
<b>Net Assets:</b>		
Unrestricted	<u>210,232</u>	<u>236,318</u>
Total Net Assets	<u>210,232</u>	<u>236,318</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>237,331</u></b>	<b>\$ <u>250,308</u></b>

See accompanying notes to financial statements

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Unrestricted Supports and Revenues:</b>		
Government Contracts	\$ 551,751	\$ 524,036
Foundation and Community Grants	112,250	100,000
Contributions	92,275	41,150
Special Events Revenue	83,869	129,086
Special Events Direct Benefit Costs	<u>(35,525)</u>	<u>(37,626)</u>
 Total Supports and Revenues	 804,620	 756,646
 <b>Expenses:</b>		
Program	782,301	709,578
General and Administrative	39,718	31,768
Fundraising	<u>8,687</u>	<u>3,239</u>
 Total Expenses	 <u>830,706</u>	 <u>744,585</u>
 Changes in Net Assets	 (26,086)	 12,061
 Net Assets, Beginning of the Year	 <u>236,318</u>	 <u>224,257</u>
 <b>Net Assets, End of the Year</b>	 <b>\$ <u>210,232</u></b>	 <b>\$ <u>236,318</u></b>

See accompanying notes to financial statements



**THE CONTRA COSTA CLUBHOUSES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2015**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 442,349	\$ 19,111	\$ 4,778	\$ 466,238
Payroll taxes	38,928	1,682	420	41,030
Benefits	27,976	1,209	302	29,487
Professional fees	3,063	11,120	33	14,216
Rent	103,182	4,344	1,086	108,612
Insurance	14,317	619	154	15,090
Postage and shipping	2,353	54	14	2,421
Program activities	79,414			79,414
Supplies	3,880	165	41	4,086
Travel	4,954			4,954
Telephone and internet	7,463	322	81	7,866
Food	32,658			32,658
Dues	5,637			5,637
Depreciation	6,882	217	54	7,153
Repair and maintenance	7,702	333	83	8,118
Miscellaneous	<u>1,543</u>	<u>542</u>	<u>1,641</u>	<u>3,726</u>
 Total Expenses	 \$ <u>782,301</u>	 \$ <u>39,718</u>	 \$ <u>8,687</u>	 \$ <u>830,706</u>

See accompanying notes to financial statements

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2014**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 421,773	\$ 17,179	\$ 2,888	\$ 441,840
Payroll taxes	36,676	1,418	233	38,327
Benefits	22,600	470	118	23,188
Professional fees	8,353	10,550		18,903
Rent	84,312			84,312
Insurance	12,581	2,151		14,732
Postage and shipping	1,512			1,512
Program activities	41,206			41,206
Supplies	1,875			1,875
Travel	5,047			5,047
Telephone and internet	7,647			7,647
Conference	17,453			17,453
Food	27,717			27,717
Dues	2,966			2,966
Depreciation	12,286			12,286
Repair and maintenance	4,018			4,018
Miscellaneous	<u>1,556</u>	<u>          </u>	<u>          </u>	<u>1,556</u>
 Total Expenses	 \$ <u>709,578</u>	 \$ <u>31,768</u>	 \$ <u>3,239</u>	 \$ <u>744,585</u>

See accompanying notes to financial statements

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities:</b>		
Changes in Net Assets	\$ (26,086)	\$ 12,061
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	7,153	12,286
Changes in Operating Assets and Liabilities:		
Increase in Accounts Receivable	(1,144)	(62,868)
Decrease (Increase) in Prepaid Expenses	(535)	590
Increase in Accounts Payable	4,353	344
Increase (Decrease) in Accrued Vacation	<u>8,756</u>	<u>(2,198)</u>
Net Cash Used in Operating Activities	<u>(7,503)</u>	<u>(39,785)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property and Equipment	<u>-</u>	<u>(12,425)</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>(12,425)</u>
Net Decrease in Cash	(7,503)	(52,210)
Cash, Beginning of Year	<u>121,658</u>	<u>173,868</u>
<b>Cash, End of Year</b>	<b>\$ <u>114,155</u></b>	<b>\$ <u>121,658</u></b>

See accompanying notes to financial statements

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2015 and 2014**

**1. ORGANIZATION**

Incorporated in April 2007 as a 501(c)(3) public benefit agency, The Contra Costa Clubhouses, Inc. (the "Organization") fills critical gaps in Contra Costa County's continuum of care for adults with severe mental illness through operating Putnam Clubhouse, an evidence-based, peer support, and cost-effect social and vocational intervention. This intervention, based upon standards promulgated by Clubhouse International, originated at Fountain House in New York in 1948 and has since been replicated at more than 300 sites in more than 30 countries. Following an extensive multi-year review conducted by Clubhouse International, in May of 2011 the Organization was awarded its first three-year accreditation in the Clubhouse Model and in December of 2014 received an additional three-year accreditation. Accreditation involved a comprehensive evaluation in terms of fidelity to 36 international standards established for clubhouse programs.

**Description of Programs**

**Work-Ordered Day:** The Organization is designed to provide the opportunity to work for all the members organized around a work-ordered day. The work-ordered day runs from 9:00 A.M. until 5:00 P.M. Monday through Friday, during which members and staff work together as colleagues to carry out all of the tasks involved in running their own program. The members volunteer to participate as they feel ready and according to their individual interests. The work includes cooking, cleaning, gardening, administrative tasks, fundraising, outreach to existing and prospective members, help in finding housing/health/social services, wellness programming (weight-loss, exercise, smoking cessation, etc.), Clubhouse promotion, orientation of new members and staff, providing career development services to members, and evaluation of program effectiveness.

**Career Development Services:** The Organization provides members with opportunities to return to school and to paid employment. Transitional employment is a highly structured program for members returning to work. The Organization finds employers with ongoing jobs that it guarantees to fill with rotating members. The Organization then trains members to do the job and assures that a member or a staff person fulfills the commitment. These placements are part-time, include a lot of support from the Organization staff, and last from six to nine months. When concluding a placement, the member can choose to try another placement or move to supported or independent employment. Supported employment is a program through which members, when ready, are given help from the Organization to apply for and acquire a job of their own. Assistance from the Organization, either at the Organization or on-site when requested, is available. Independent employment assistance is provided at the Organization for members who are ready and want to find jobs on their own within the larger community. The Organization assists members in completing educations that have been disrupted or to start certificate and degree programs at academic or adult education programs within the wider community. The Organization also takes advantage of the talents and skills of staff and members to provide in-house educational opportunities.

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2015 and 2014**

**1. ORGANIZATION (Continued)**

**Description of Programs (Continued)**

**Social and Recreational Programs:** The Organization organizes structured and non-structured social activities for the members. These activities are scheduled outside of the work-ordered day two nights per week with a focus on music, visual arts, handicrafts, creative writing, and music every Wednesday evening and additionally every Friday night for a social event. Fitness or social outings and activities are held on some Saturdays and Sundays so that the members can recreate with each other in an unstructured setting.

**Community Support:** Members are given support in acquiring and keeping affordable housing, mental health and general medical services, government disability benefits, and any other services they may need.

**Reach-Out:** Part of the daily work of the Organization involves keeping track of members. When a member does not attend the Organization, a “reach-out” telephone call or visit is made to let the member know that he or she is missed.

**Decision Making and Governance:** Members and staff meet in open forums to discuss policy issues and future planning for the Organization. Three program participants served on the board of directors of the Organization during 2015 and 2014.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses as incurred.

**Basis of Presentation**

Net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations. Also, contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2015 and 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or 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 restrictions. The Organization had no temporarily restricted net assets at December 31, 2015 and 2014.

**Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2015 and 2014.

**Donated Services**

Donated services are recognized as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would typically need to be purchased if not provided by donation.

There are volunteers who contribute their time to the Organization. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort have not been satisfied.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2015 and 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Expenditures for property and equipment greater than or equal to \$1,000 are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The fair value of donated capital items is similarly capitalized.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and is exempt from California franchise taxes under Section 23701d of the Revenue and Taxation Code. It is the opinion of management that all income earned has been related to the Organization's tax-exempt status and there has been no unrelated business income.

The accounting standard requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. Based on the management's analysis of the Organization's tax positions, the accounting for any uncertainty in the Organization's tax positions is not expected to have a material impact on the financial statements.

**Grants and Contributions**

Grants and contributions, including unconditional promises to give, are recorded as made. All grants and contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

**Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash, investments and accounts receivable. The Organization places its cash in financial institutes that are insured in limited amounts by the U.S. government.

**Subsequent Events**

The Organization has evaluated subsequent events through December 2, 2016, which is the date the financial statements were available to be issued.

**THE CONTRA COSTA CLUBHOUSES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2015 and 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reclassification**

Certain 2014 amounts have been reclassified in order to conform with the 2015 financial statement presentation.

**3. LEASES**

The Organization amended its lease for office space on December 16, 2014, and the lease period extended to December 31, 2019.

Minimum lease payments as of December 31, 2015, are as follows:

Year Ending December 31,	
2016	\$ 108,612
2017	111,870
2018	115,226
2019	<u>118,683</u>
Total	\$ <u>454,391</u>

Rent expenses amounted to \$108,612 and \$84,312 for the years ended December 31, 2015 and 2014, respectively.





**Noe and Company**

**Independent Auditor's 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 of  
**The Contra Costa Clubhouses, Inc.**  
Concord, California

I 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 The Contra Costa Clubhouses, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 2, 2016.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of Organization'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 entity'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Noe and Company

Oakland, California  
December 2, 2016



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Concord, CA 94519  
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## Appendix D

### The Contra Costa Clubhouses, Inc. Operating Putnam Clubhouse

#### STAFFING STRUCTURE

##### **Executive Director of The Contra Costa Clubhouses, Inc.**

Reports to agency Board of Directors  
Oversees overall agency

##### **Putnam Clubhouse Director**

Reports to Executive Director  
Oversees Putnam Clubhouse program

##### **Program Manager**

Reports to Putnam Clubhouse Director  
Oversees daily program operations while engaging staff and members in program activities.

##### **Unit Leads/Program Generalists**

Report to Putnam Clubhouse Director  
Oversee a program unit while performing program generalist duties.

##### **Program Generalists**

Report to Program Manager  
Perform program generalist duties

##### **Administrative Generalist**

Reports to Putnam Clubhouse Director  
Performs a variety of administrative support duties

#### STAFFING DUTIES

##### **Executive Director of The Contra Costa Clubhouses, Inc.**

The Executive Director works in close partnership with the Clubhouse Director, other staff, the Board of Directors, community partners, and Clubhouse members to achieve the mission and goals of the organization. The Executive Director oversees all aspects of the agency and the operations of Putnam Clubhouse, including administration, finances, HR, public relations, funding, program development, marketing, and evaluation.

The duties and responsibilities of the position include, but are not limited to:

- Build and maintain relationships with funder, partners, and the community at large.
- Oversee business operations of the agency and the Clubhouse.



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## Appendix D

- Prepare for and attend Executive Committee meetings, Board meetings, and other Board-related meetings.
- Recruit, hire, supervise, and terminate (as needed) Clubhouse Director
- Approve hiring and termination of all staff
- Manage the annual budget development, track financial progress, and oversee fiscal activities of the Clubhouse including contracts.
- Provide all required reports and information to government and funding source organizations.
- Oversee related data collection and evaluation.
- Stay informed about issues in the general community relevant to the mission and operations of the Clubhouse.
- Uphold Clubhouse International Standards.

### **Putnam Clubhouse Director**

Putnam Clubhouse Director works in close partnership with the Clubhouse members and staff to run Clubhouse in accordance with the standards of Clubhouse International. Director oversees all aspects of Clubhouse operations, including program implementation, staff training and supervision, administration of the work-ordered day and other program activities, and the membership process.

The duties and responsibilities of the position include, but are not limited to:

- Oversee day-to-day operations and administration of the Clubhouse site, including membership process.
- Train, supervise, and assign staff.
- Provide a model of working together side-by-side.
- Take leadership role in ensuring positive outcomes in the member's lives.
- Conduct outreach activities with staff and members to referral sources and community organizations.
- Oversee tracking and reporting of receipts and expenditures
- Assist in developing transitional employment positions and employer relations.
- Make certain that all required data collection—including membership, attendance, programming, and donors—is accurately collected and reported.
- Establish and maintain program schedules and calendars.
- Lead program development, hiring, and community outreach.
- Uphold the 36 Clubhouse International Standards.
- Participate with members and staff in a collaborative decision-making process.
- Encourage members to take leadership roles.

### **Program Manager**

Putnam Clubhouse Program Manager works in close partnership with the Clubhouse Director, members, and staff to run Clubhouse in accordance with the standards of Clubhouse International. The Program Director assists the Director in overseeing the day-to-day operations of the Clubhouse program.

The duties and responsibilities of the position include, but are not limited to:



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## Appendix D

- Responsible for day-to-day oversight of program activities and functions.
- Train and supervise staff in the role of a generalist.
- Provide a model of working together side-by-side.
- Take leadership role in ensuring positive outcomes in the members' lives.
- Conduct outreach activities with staff and members to referral sources and community organizations.
- Assist in developing transitional employment positions and employer relations.
- Collaborate with and assist the Director in fundraising, program development, hiring, and community outreach.
- Teach and uphold Clubhouse International Standards.
- Create a safe and healthy Clubhouse climate for all members and staff.
- Participate with members and staff in a collaborative decision-making process.
- Encourage members and staff to take leadership roles.
- Provide emergency coverage, as needed, in partnership with the Director.
- Assist in program development, planning, problem solving, and evaluation.
- Provide leadership and support to members and staff in the absence of the director.

### **Unit Leads/Program Staff Generalists**

The Staff Generalist Unit Leader (SGUL) oversees Staff Generalists working an assigned Unit. SGUL's are accountable for the well-being and progress of the members of the Unit; the competency and proficiency of the staff of the Unit; and the quality, quantity, and timeliness of the work functions and/or products of the Unit. SGUL's works closely and collaboratively with the members and staff both in their Unit and program-wide to achieve the goals of the Clubhouse. The SGUL will foster an atmosphere of collegiality by implementing the philosophy of Putnam Clubhouse in alignment with Clubhouse International standards and by upholding Putnam Clubhouse's policies and procedures at all times.

The duties and responsibilities of the position include, but are not limited to:

- Generates member interest in participation in all aspects of the work-ordered day.
- Works side-by-side members in work Units at the Clubhouse.
- Assist with internal and external employment and educational programs.
- Takes leadership role in ensuring positive outcomes in the member's lives.
- Helps members to identify and use community resources that promote well-being, independence, satisfaction, and self-sufficiency.
- Fosters member self-advocacy.
- Encourages peer-to-peer relationships and interaction among the members.
- Assists with the meal program and special events.
- Conducts outreach activities with members to referral sources and community organizations.
- Upholds the 36 International Clubhouse Standards.
- Participates with members and staff in a collaborative decision-making process.
- Encourages members to take leadership roles.
- Staffs clubhouse social and recreational programs.



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## Appendix D

- Works some Saturday, evening, and holiday hours.
- In conjunction with Clubhouse Director, provides support and guidance of Unit staff in their development and performance throughout the day and through the weekly supervision structure.
- Encourages Unit staff and member participation and engagement by serving as a role model for members and staff through engagement and working alongside Unit members performing Unit tasks.
- Participates in hiring Staff Generalists and in their performance reviews.
- Plays an active role in the growth and development of Unit staff and Unit members.
- Fosters a nurturing, positive atmosphere in the Unit.
- Promotes Unit and Clubhouse safety at all times.
- Develops and oversees quality of Unit work with the bottom-line responsibility for completion of Unit work.
- Knows and follows all policies and procedures, and are responsible for unit members and unit staff compliance to all policies and procedures at all times.
- The VERDE (career unit) Unit Lead is responsible for the PEI contract's Career Corner component.

### Program Staff Generalists

Staff Generalists work in close partnership with the Clubhouse members (program participants) and the Clubhouse Director. The Staff Generalist helps members meet their needs for employment, housing, education, friendship, structure, and stability in accordance with the standards of Clubhouse International.

The duties and responsibilities of the position include, but are not limited to:

- Generate member interest in participation in all aspects of the work-ordered day.
- Work side-by-side members in work units at the Clubhouse.
- Assist with internal and external employment and educational programs.
- Take leadership role in ensuring positive outcomes in the member's lives.
- Help members to identify and use community resources that promote well-being, independence, satisfaction, and self-sufficiency. Foster member self-advocacy.
- Encourage peer-to-peer relationships and interaction among the members.
- Assist with the meal program and special events.
- Conduct outreach activities with members to referral sources and community organizations.
- Learn about and uphold the 36 International Clubhouse Standards.
- Participate with members and staff in a collaborative decision-making process.
- Encourage members to take leadership roles.
- Staff clubhouse social and recreational programs.

### Administrative Generalist

The duties and responsibilities of the position include, but are not limited to:

- Assist with annual event, including registration.
- Computer, software, and office equipment troubleshooting.
- Data entry and management of donor database.



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## Appendix D

- Assist with newsletters, mailings, and email blasts.
- Assist with multimedia projects for internal and external purposes.
- Maintain paper and computer files.
- Assist both Directors in all aspects of operations.
- Board support, including assistance with meeting preparation and minutes.
- Errands.
- HR assistance.
- Bookkeeping assistance.
- Assist with reporting.
- Assist in the music program working with staff and Clubhouse members.
- Provide administrative support for fulfilling obligations of funder contracts.
- Uphold organization's vision, mission, and goals as well as the 36 International Clubhouse Standards.

# Mental Health Services Act (MHSA)

## Program and Fiscal Review

- I. **Date of On-site Review:** May 5, 2017  
**Date of Exit Meeting:** September 22, 2017
  
- II. **Review Team:** Stephanie Chenard, Warren Hayes, Helen Kearns,  
and Gerold Loenecker
  
- III. **Name of Program:** Seneca Family of Agencies  
2351 Olivera Road, Concord, CA 94520
  
- IV. **Program Description.** Seneca Family of Agencies is an innovator in the field of community and family-based service options for emotionally troubled children and their families. With a continuum of care, ranging from intensive residential treatment to in-home wraparound services, and to public school-based services, Seneca is a leader in providing children's mental health agencies in Northern California.  
  
Seneca Family of Agencies (SFA) provides an integrated, coordinated service to youth who frequently utilize crisis services, and may be involved in the child welfare and/or juvenile justice system. Within SFA the START (Short-Term Assessment of Resources and Treatment) program is a full service partnership (FSP) program that provides three to six months of short term intensive services to stabilize the youth in their community, and to connect them and their families with sustainable resources and supports. The goals of the program are to:  
1) reduce the need to utilize crisis services and the necessity for out-of-home and emergency care for youth enrolled in the program, 2) maintain and stabilize the youth in the community by assessing the needs of the family system, identifying appropriate community resources and supports, and ensuring their connection with sustainable resources and supports, and 3) successfully link youth and family with formal services and informal supports in their neighborhood, school and community.
  
- V. **Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end a comprehensive program and fiscal review was conducted of the above program. The results of this review are contained herein,



and will assist in a) improving the services and supports that are provided, b) more efficiently support the County’s MHSa Three Year Program and Expenditure Plan, and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this program in order to review past and current efforts, and plan for the future.

## VI. Summary of Findings.

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSa	Met	Consumers and family members indicate the program meets the values of MHSa
2. Serve the agreed upon target population.	Met	Program only serves clients that meet criteria for the County’s children’s full service partnership admission criteria.
3. Provide the services for which funding was allocated.	Met	MHSa only funds services consistent with the Three Year Plan
4. Meet the needs of the community and/or population.	Met	Services are consistent with the Three Year Plan
5. Serve the number of individuals that have been agreed upon.	Met	Target service numbers are reached.
6. Achieve the outcomes that have been agreed upon.	Met	Program meets its outcomes
7. Quality Assurance	Partially Met	Utilization review indicated program meets most quality assurance standards
8. Ensure protection of confidentiality of protected health information.	Met	The program is HIPAA compliant
9. Staffing sufficient for the program	Met	Staffing level supports targeted service numbers.
10. Annual independent fiscal audit	Met	No material or significant weaknesses were noted.

11. Fiscal resources sufficient to deliver and sustain the services	Met	Seneca has significant net assets to withstand significant revenue interruptions.
12. Oversight sufficient to comply with generally accepted accounting principles	Met	Experienced staff implement sound check and balance system.
13. Documentation sufficient to support invoices	Met	Uses established software program with appropriate supporting documentation protocol.
14. Documentation sufficient to support allowable expenditures	Met	Method of accounting for personnel time and operating costs appear to be supported.
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	No billings noted for previous fiscal year expenses.
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	Met	Auditor's report reflects indirect rate of 14%.
17. Insurance policies sufficient to comply with contract	Met	Necessary insurance is in place
18. Effective communication between contract manager and contractor	Met	The County and program meet regularly.

**VII. Review Results.** The review covered the following areas:

1. **Deliver services according to the values of the Mental Health Services Act** (California Code of Regulations Section 3320 – MHSA General Standards).

Does the program collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, be culturally competent, and be client and family driven.

**Method.** Consumer, family member and service provider interviews and consumer surveys.

**Discussion.** The results of 14 consumer surveys were received. The majority of the survey responses were consistent with consumer interviews; namely, they show a positive evaluation of the program; and that the program adheres to MHSA values.

Questions	Responses: n=14				
Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:	Strongly Agree 4	Agree 3	Disagree 2	Strongly Disagree 1	I don't know n/a
1. Help me improve my health and wellness.	Average score: 3.58 (n=14)				
2. Allow me to decide what my own strengths and needs	Average score: 3.50 (n=14)				
3. Work with me to determine the services that are most helpful	Average score: 3.65 (n=14)				
4. Provide services that are sensitive to my cultural background.	Average score: 3.78 (n=9)				
5. Provide services that are in my preferred language	Average score: 3.46 (n=11)				
6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.36 (n=14)				
7. Are open to my opinions as to how services should be provided	Average score: 3.58 (n=14)				
8. What does this program do well?	<ul style="list-style-type: none"> <li>• Helped with school</li> <li>• Help me understand and use coping skills</li> <li>• Picking up child for their therapy sessions. Flexible appointments.</li> <li>• Working well with the kids.</li> <li>• Listen to what I'm saying without judgement.</li> <li>• Helping my family to have a healthy life.</li> <li>• Help with anxiety.</li> </ul>				
9. What does this program need to improve upon?	<ul style="list-style-type: none"> <li>• Help with housing</li> <li>• Maybe we can have more time to talk about what we like or what makes us feel better.</li> </ul>				
10. What needed services and supports are missing?	<ul style="list-style-type: none"> <li>• Housing</li> <li>• More therapists.</li> <li>• School tutoring.</li> </ul>				

<p>11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential?</p>	<p>Very Important 4</p>	<p>Important 3</p>	<p>Somewhat Important 2</p>	<p>Not Important 1</p>
<p>Average score: 3.62 (n=13)</p>				
<p>12. Any additional comments?</p>	<ul style="list-style-type: none"> <li>• I really appreciate the help.</li> <li>• Would love this program/therapy sessions to be just a little longer than 6 mos.</li> <li>• Thanks for feeding me.</li> </ul>			

Consumer Interview

Four families who have participated in Seneca's START program were interviewed as a group. The length of times that each family had been involved with the program varied from three months to 1-1/2 years. Three of the families interviewed had graduated the program and one family was still active in it. Consumers reported their initial referrals to the START program were primarily from Psychiatric Emergency Services (PES), and one reported they were referred through Child Protective Services (CPS).

Overall, the families were very appreciative of the services provided by START. They all felt that there was strong cultural grounding for them in their treatment, and that their input was solicited and valued as part of the treatment plan. During the interview, some of the other things specifically identified as positives of the program were:

- The whole family approach engaged not only the child referred to the program, but both parents and other children in the home as well.
- Able to work with mom when she needed stronger individual support.
- Helped with whole family dynamic (grandparents, parents, siblings, etc.); helped to build parenting skills.
- Flexibility – able to provide services in the home.
- Provide linkages and information for other services; warm hand-off to next step.

These positives clearly speak to several of the MHSA values. However, the families also identified some areas of improvement. There was a desire for more scheduling consistency – regularly scheduled weekly meetings were often canceled and rescheduled at the last minute. One family member expressed that she would like to see some of the treatment actually get her granddaughter

outside – out of the house. Lastly, another family member indicated that while she very much appreciated that the program staff would often provide treats and rewards to her son during weekly treatment visits, she felt these rewards were an unsustainable habit for her to continue after the treatment concluded.

#### Staff Interview:

Overall, five individual program staff were interviewed in two sessions: a management session, and line staff group interview – two clinicians and a family partner. Staff shared that the program generally receives all referrals from PES. The START team frequently works with families who may be just entering the mental health system. Staff reported spending most of their time working with their clients through daily challenges, building coping skills through psychosocial education, and coaching them to use small interventions (such as breathing skills) to empower them. According to program staff some of the key strengths of the program are:

- The flexibility and adaptability of the program to serve clients where they are at, and to be available whenever there is need (24 hour availability)
- Being able to work with families after PES, who may not know what the next, or “right” course of treatment is; flexibility in serving families that don’t quite fit into clear service paths
- Serving families in the community to help aid in commitment to the program
- Availability of flex funds to help address needs in order to improve service delivery

During the interview, staff also shared hindrances they faced in providing services to the youth, such as the short program service time, difficulty setting them up for aftercare with clinics (often there are long wait lists, or clinic locations and hours are not easily accessible for families), and the strict PES referral policy (some staff expressed a desire to be able to provide preventive care before a PES visit is necessary). Additionally, the flexibility of the program also creates its own challenges in that each clinic in the County uses the START program differently in how and who they refer, and the hand-off from START back to the clinic for services is often challenging. It is recommended that the County children’s clinics work with START to streamline the referral process to help create a warmer hand-off. However, staff did indicate that overall they felt like they were meeting the needs of their clients, and appreciated their ability to provide support to their clients in the community.

**Results.** Interviews with program participants and service providers as well as program participant survey results all support that Seneca delivers programming in accordance with the values of MHSA.

2. **Serve the agreed upon target population.** For Community Services and Supports, does the program serve children or youth with a serious emotional disturbance. Does the program serve the agreed upon target population (such as age group, underserved community).

**Method.** Compare the program description and/or service work plan with a random sampling of client charts or case files.

**Discussion.** The Seneca START Full Service Partnership program accepts referrals almost exclusively from County PES. The FSP program undergoes regular utilization reviews conducted by utilization review consulting staff contracted by Seneca to ensure all clients meet the criteria for children's full service partnerships. The MHSA chart review conducted by the MHSA Program and Fiscal Review team confirms the agreed upon target population for full service partnerships.

CCBHS also performs a utilization review on all programs which bill MediCal, including Seneca. On May 25, 2016 a Level 2 Centralized Utilization Chart Review was conducted. For all but one of the charts reviewed, it was determined that clients met medical necessity for specialty mental health services as specified in the Welfare and Institutions Code (WIC) Section 5600.3(a).

**Results.** The program serves the agreed upon population.

3. **Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon.

**Method.** Compare the service work plan or program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

**Discussion.** Monthly service summaries and 931 and 864 Reports from CCBHS's billing system show that the Seneca's Full Service Partnership program is providing the number and type of services that have been agreed upon. Services include assessments, plan development, outreach and engagement, case management, crisis intervention, collateral services, individual rehabilitation, linkage, and flexible funds. Both program staff and participants indicated services are available on a 24-7 basis via an after-hours crisis phone line.

**Results.** The program provides the services for which funding was allocated.

4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed. Has the program been authorized by the Board of Supervisors as a result of a community program planning process. Is the program consistent with the MHSA Three Year Program and Expenditure Plan.

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

**Discussion.** The Full Service Partnership programs were included in the original Community Services and Supports plan that was approved in May 2006 and included in subsequent plan updates. The program has been authorized by the Board of Supervisors and is consistent with the current MHSA Three-Year Program and Expenditure Plan. Interviews with service providers and program participants support the notion that the program meets its goals and the needs of the community it serves.

**Results.** The program meets the needs of the community and the population for which they are designated.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years.

**Method.** Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

**Discussion.** Upon initial award of the children's FSP contract, Seneca's START target enrollment number was 80 clients. The program launched in the 2013, and at the end of their first full fiscal year of operation (13/14FY) they were reporting serving 103 clients; well over their target. They have continued to exceed their target numbers.

**Results.** The program serves the number of people that have been agreed upon, and consistently exceeds the target enrollment number.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how has the outcomes been trending.

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric

crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Discussion.** Seneca's FSP program started during FY 13/14, and only started reporting on outcomes for the 14/15 FY. The program has a few well-defined primary program objectives as part of the service work plan: reduction in psychiatric emergency service utilization, reduction in hospitalizations, and successful and timely linkages to resources. The program has provided an annual report summarizing their progress towards meeting their program outcomes.

**Results.** Overall, the program achieves its primary objectives.

7. **Quality Assurance.** How does the program assure quality of service provision.

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** CCBHS did not receive any grievances associated with Seneca's START Full Service Partnership program. The program has an internal grievance procedure in place and clients receive information on how to file complaints as part of the agency's Notice of Privacy Practices. The program undergoes regular Level 1 and Level 2 utilization reviews conducted by CCBHS's utilization review teams to ensure that program services and documentation meet regulatory standards. Level 1 and Level 2 utilization review reports indicate that Seneca generally meets documentation and quality standards.

On May 25, 2016, a Level 2 Centralized Utilization Chart Reviews and a Focused Review was conducted by CCBHS. The results show that charts generally met documentation standards, but there were a few compliance issues including missing, incomplete, incorrect, or misfiled forms that were identified in the review. There were several other findings related to disallowances for missing or incomplete assessments, missing documentation noting required criteria for treatment, duplicate staff billing, various non-billable services, and missing progress notes. Utilization Review staff provided feedback around standardized notes, defining allowable billable services, appropriate staffing roles and services, and weekly treatment plans and partnership plans. Seneca submitted an appeal on July 7, 2016 for several of the disallowances, some of which were granted by the County. During the site visit, Seneca indicated they have now



retained a consultant to review client charts and billing in order to provide a consistent quality check on their documentation.

**Results.** The program has a quality assurance process in place. However, it is recommended that the program continue to provide training to their clinical staff on consistent clinical documentation.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol.

**Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the program's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** Seneca has written policies and provides staff training on HIPAA requirements and safeguarding of patient information. Client charts are kept in locked file cabinets, behind a locked door and comply with HIPAA standards. Clients and program participants are informed about their privacy rights and rules of confidentiality.

**Results.** The program complies with HIPAA requirements.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support.

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Discussion.** Seneca's START team has a sufficient number and type of staff to support their operations. The experience level of the treatment team varied from a few years of experience in mental health to this being their first position in mental health. Seneca has a robust internal training program aimed at identifying and addressing a variety of mental health issues in their training process. However, one area of opportunity that staff indicated they would like to receive more training in was on working in a community-based program and setting boundaries during services that are delivered outside of an office environment. Staff also expressed interest in more intensive trainings in dealing with topics related to early psychosis.

**Results.** Sufficient staffing is in place to serve the number of clients outlined in the most recent Service Work Plan.

**10. Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Discussion.** Seneca is a California non-profit public benefit corporation established in 1985 and serves 17 California counties in the Bay Area, Central Coast, Southern California and King County in Washington. The organization is committed to treatment, care, education and permanent family solutions for children faced with the most profound challenges resulting from histories of trauma. Patient services revenue from contracts with various government contracts, to include CCBHS, provides 92% of their \$100 million revenue. The available fiscal audits indicate Seneca to not be at risk for adverse fiscal consequences due to their fiscal and accounting systems.

**Results.** Annual independent fiscal audits for FY 2013-14, 14-15 and 15-16 were provided and reviewed. No material or significant findings were noted.

**11. Fiscal resources sufficient to deliver and sustain the services.** Does organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program.

**Method.** Review audited financial statements and Board of Directors meeting minutes. Interview fiscal manager of program.

**Discussion.** The organization appears to be operating within the budget constraints provided by their authorized contract amount, and thus appears to be able to sustain their stated costs of delivering FSP services for the entirety of this fiscal year. Seneca's financial documents indicate that the parent organization has been expanding incrementally each year, and both the Accounting Director and Program Director for the local contract with CCBHS indicate that they receive sound fiscal guidance and support.

**Results.** Fiscal resources are currently sufficient to deliver and sustain services.

**12. Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles.

**Method.** Interview with fiscal manager.

**Discussion.** The Accounting Director appears well qualified and described established protocols that are in place to enable a check and balance system to assure compliance with generally accepted accounting principles. The organization uses Seneca's system-wide software program via their intranet for all facets of clinical and administrative activity.

**Results.** Sufficient oversight exists to enable compliance with generally accepted accounting principles.

13. **Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing.

**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.

**Discussion.** A randomly selected invoice for each of the last three years was matched with supporting documentation provided by the agency. A clear and accurate connection was established between documented hours/types of mental health services and submitted invoices. Seneca's FSP (START) program is a specialty mental health service contract with CCBHS that is based upon established rates and billed monthly according to the documented level of service provided. At the end of the fiscal year a reconciliation process takes place that determines final payment for the year.

**Results.** Uses established software program with appropriate supporting documentation protocol.

14. **Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program.

**Method.** Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the County.

**Discussion.** Line item personnel and operating costs were reviewed for appropriateness. All line items submitted were consistent with line items that are appropriate to support the service delivery.

**Results.** Method of allocation of percentage of personnel time and operating costs appear to be justified and documented.

15. **Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program.

**Discussion.** Total contract billing was within contract limits, with no billing by this agency for expenses incurred and paid in a previous fiscal year. However,

closing entries for the last three years were reviewed and indicate a discrepancy between what was billed to the MHSA cost center versus what was approved by the Board of Supervisors. This will be corrected by CCBHS staff.

**Results.** Seneca appears to be implementing an appropriate year end closing system. CCBHS will implement administrative procedures with Finance staff to ensure contract costs charged to the MHSA cost center are aligned with County Board of Supervisor authorization.

**16. Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program.

**Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.

**Discussion.** The management and general costs reflected in the independent auditor's report indicate an indirect rate of 14%, which is consistent with acceptable industry rate.

**Results.** Indirect rate reflected on the independent auditor's report of 14% appears reasonable.

**17. Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract.

**Method.** Review insurance policies.

**Discussion.** The program provided certificate of commercial general liability insurance, automobile liability, umbrella liability, professional liability and directors and officers liability policies that were in effect at the time of the site visit.

**Results.** The program complies with contract insurance requirements.

**18. Effective communication between contract manager and contractor.** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.

**Method.** Interview contract manager and contractor staff.

**Discussion.** To date contract management duties have been centralized within CCBHS's children's system. Moreover, the contract manager and Children's Chief meet with the program for regular monthly meetings.

**Results.** The program has historically had good communication with the contract manager and is receptive to feedback and willing to address concerns that may arise.

## **VIII. Summary of Results.**

Seneca is committed to stabilizing youth and their families in the community who frequently utilize crisis services, and may be involved in the child welfare and/or juvenile justice system. Their short-term intensive services seek to connect these families and consumers to sustainable resources and supports. The Seneca Full Service Partnership adheres to the values of MHSA and serving their target population. The program is meeting and often exceeding the outcomes detailed in their contract. Seneca appears to be a financially sound organization that follows generally accepted accounting principles, and maintains documentation that supports agreed upon service expenditures.

## **IX. Findings for Further Attention.**

- It is recommended that the County children's clinics work with START to streamline the referral process to help create a warmer hand-off.
- The program should continue to provide training to their clinical staff on consistent clinical documentation.
- CCBHS will implement administrative procedures with Finance staff to ensure contract costs charged to the MHSA cost center are aligned with County Board of Supervisor authorization

## **X. Next Review Date. May 2020**

## **XI. Appendices.**

Appendix A – Program Response

Appendix B – Program Description/Service Work Plan

Appendix C – Service Provider Budget

Appendix D – Yearly External Fiscal Audit

Appendix E – Organization Chart

## **XII. Working Documents that Support Findings.**

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

County Utilization Review Report

Progress Reports, Outcomes

Monthly Invoices with Supporting Documentation

Indirect Cost Allocation Methodology/Plan

Board of Directors' Meeting Minutes

Insurance Policies

MHSA Three Year Plan and Update(s)

# **APPENDIX A**

## **Program Response**



October 5, 2017

Ms. Stephanie Chenard  
1340 Arnold Drive, Suite 200  
Martinez, CA 94553

Dear Stephanie:

We would like to extend sincere thanks to you and the Mental Health Services Act (MHSA) Review Team for the thoughtful and thorough appraisal of our START Program. Our staff were excited to have the opportunity to share the highlights and the challenges of the important work we do with youth and families in Contra Costa County, and to receive your feedback.

At Seneca, we are committed to delivering high-quality services that are culturally competent and youth/family driven in order to support children and families through the most difficult times of their lives. We are thrilled that the values of the Mental Health Services Act align so closely with our agency mission, and especially that the families surveyed for this review felt strongly that we deliver programming in accordance with these values.

There is certainly always room for improvement, and we appreciated the families' comments around scheduling consistency and increased consideration for the sustainability of staff's interventions. We will continue to solicit feedback from the families in the START Program outside of this review period to ensure that we are continuously respecting and adjusting our service delivery to each family's unique needs and preferences. Additionally, we plan to ensure that our staff receive ongoing training and support around maintaining appropriate boundaries in community-based work and completing consistent clinical documentation to support their work.

We look forward to continuing to collaborate with Contra Costa Behavioral Health to ensure that the needs of youth and families are met through our strong partnership, as we certainly see it as our shared responsibility to ensure that children in our community have access to necessary mental health supports.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessica Donohue". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jessica Donohue, LCSW  
Director, START Program



# APPENDIX B

## Program Description/Service Work Plan

### Seneca Family of Agencies

Point of Contact: Jessica Donohue, Program Director  
Contact Information: 2351 Olivera Road, Concord, CA, 94520,  
(925) 808-8724, [jessica\\_donohue@senecacenter.org](mailto:jessica_donohue@senecacenter.org)

#### **1. General Description of the Organization**

Seneca Center for Children and Families is a leading innovator in the field of community-based and family-based service options for emotionally troubled children and their families. With a continuum of care ranging from intensive residential treatment, to in-home wraparound services, to public school-based services, Seneca is one of the premier children's mental health agencies in Northern California.

#### **2. Program: Short Term Assessment of Resources and Treatment (START)**

##### **- Full Service Partnership - CSS**

Seneca Family of Agencies (SFA) provides an integrated, coordinated service to youth who frequently utilize crisis services, and may be involved in the child welfare and/or juvenile justice system. START provides three to six months of short term intensive services to stabilize the youth in their community, and to connect them and their families with sustainable resources and supports. The goals of the program are to 1) reduce the need to utilize crisis services, and the necessity for out-of-home and emergency care for youth enrolled in the program, 2) maintain and stabilize the youth in the community by assessing the needs of the family system, identifying appropriate community resources and supports, and ensuring their connection with sustainable resources and supports, and 3) successfully link youth and family with formal services and informal supports in their neighborhood, school and community.

##### **a. Scope of Services:**

- Outreach and engagement
- Linkage
- Assessment
- Case management
- Plan development
- Crisis Intervention
- Collateral
- Flexible funds
- Contractor must be available to consumer on 24/7 basis

##### **b. Target Population: The target population for the program includes youth 18 years and under with a history of multiple psychiatric hospitalizations and crisis**

interventions, imminent risk of homelessness, who have a serious mental illness and/or are seriously emotionally disturbed, and are not being served, or are being underserved, by the current mental health system. Youth in the program can be Medi-Cal eligible or uninsured.

- c. Payment Limit: \$ 562,915
- d. Number served: Number served in FY 15/16 -- Total 103: West 35, Central 23, and East 45
- e. Outcomes:
  - Reduction in incidence of psychiatric crisis
  - Reduction of the incidence of restriction

**Table 8. Pre-and post-enrollment utilization rates for 101 Seneca Start FSP Participants enrolled in the FSP program during FY 15-16**

	No. pre-enrollment	No. post-enrollment	Rate pre-enrollment	Rate post-enrollment	%change
<i>PES episodes</i>	124	29	0.143	0.033	-76.9
<i>Inpatient episodes</i>	21	6	0.028	0.007	-75
<i>Inpatient days</i>	142	26	0.194	0.027	-86.0

*\* Data on service utilization were collected from the county’s internal billing system, PSP. To assess the effect of FSP enrollment on PES presentations and inpatient episodes, this methodology compares clients’ monthly rates of service utilization pre-enrollment to clients’ post-enrollment service utilization rates. Using PES usage as an example, the calculations used to assess pre- and post-enrollment utilization rates can be expressed as:*

*(No. of PES episodes during pre- enrollment period)/ (No. of months in pre-enrollment period) =Pre-enrollment monthly PES utilization rate*

*(No. of PES episodes during post-enrollment period)/ (No. of months in post-enrollment period) =Post-enrollment monthly PES utilization rate*

## SERVICE WORK PLAN

**Agency:** Seneca Family of Agencies  
**Contract #** 74-058-21  
**Fiscal Year:** July 1, 2016 – June 30, 2017  
**Title of Program:** START – Short-Term Assessment of Resources and Treatment (FSP-START)

### **I. Scope of Services**

Seneca Family of Agencies (SFA), will providing exceptionally integrated and coordinated services funded by the Mental Health Services Act (MHSA) and Federal FFP Medi-Cal revenue, to children and transitional-age youth, and their families, who frequently utilize crisis services or have experienced a psychiatric emergency and are often involved with the child welfare and/or juvenile justice systems in Contra Costa County. The goals of the program are to (1) reduce the need to utilize crisis services and the necessity for out-of-home and emergency care for youth enrolled in the program, (2) reduce the frequencies of youth hospitalizations and visits to Psychiatric Emergency Services (PES), (3) maintain and stabilize the youth in the community by assessing the needs of the family system, identifying appropriate community resources and supports, and ensuring their connection with sustainable resources and supports, (4) successfully link youth and family with formal services and informal supports in their neighborhood, school and community. Services shall be based in East, West, and Central Contra Costa County.

### **II. Types of Mental Health Service/Other Service-Related Activities**

Services provided are consistent with standards set forth by the California Department of Health Care Services and Contra Costa County Children's Mental Health.

SFA will provide mental health services for at least 80 youth, with a concurrent target enrollment of 45 youth. Services include but are not limited to:

- Assessment
- Plan Development
- Outreach and Engagement
- Case Management
- Collateral Services
- Individual Rehabilitation
- Crisis Intervention
- Linkage

START staff will be available to support participants and their families on a 24/7 basis.

### **III. Criteria for Eligibility of Services**

- A. Admissions:  
Inclusion criteria are as follows:

Initials: \_\_\_\_\_  
Contractor                      County Department

## SERVICE WORK PLAN

**Agency:** Seneca Family of Agencies  
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**Fiscal Year:** July 1, 2016 – June 30, 2017  
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1. Youth 18 years and under at intake must have a mental health diagnosis, other than a primary substance abuse disorder or developmental disorder, placing client at risk for frequent use of crisis services.
2. Youth meet at least 1 or more of the following criteria:
  - A) As a result of the mental disorder, the youth has substantial impairment in at least two of the following areas: self-care, school functioning, family relationships, or ability to function in the community, and either of the following occur:
    - i. The child is at risk for removal from home or has already been removed from the home. **OR**
    - ii. The mental disorder and impairments have been present for more than six months or are likely to continue for more than one year without treatment.
  - B) The youth displays one of the following: psychotic features, risk of suicide, risk of violence due to a mental disorder.
  - C) The youth has received an educational assessment and determined to have an emotional disturbance, as defined in the Code of Federal Regulations.
3. Current residency in Contra Costa County
4. Preference is given to unserved and underserved youth as defined by the county's Mental Health Services Act plan.
5. Medi-Cal eligible and/or uninsured

**B. Discharge Criteria:**

Discharge may occur as a result of:

1. Successful linkage to formal and informal supports.
2. The participant and service provider agree the participant has made sufficient progress to continue to meet their needs in a healthy manner with a lower level of service.
3. The participant moves outside of the geographic service area on a permanent basis.
4. The participant becomes ineligible for youth services based on their age. Efforts will be made to link these participants with other adult service providers.
5. If a participant is incarcerated, service provider will evaluate participant's ongoing enrollment on a quarterly basis.
6. Clinical determination that further services are unlikely to result in reaching goals in the services plan.

Initials: \_\_\_\_\_  
Contractor                      County Department

## SERVICE WORK PLAN

**Agency:** Seneca Family of Agencies  
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7. Participant or guardian declines or refused services and requests discharge, despite the team's best efforts to develop an acceptable services plan with the participant.
8. Participant is not present to receive services.

#### **IV. Program Facilities/Hours of Operation/Staffing**

A. Program Facilities Location

The primary SFA START office is located at 2351 Olivera Road, Concord, CA 94520. As a community based program, a majority of the services provided occur within the community at large.

B. Contact Person and Phone Number

Jessica Donohue, Director of Community Based Services (925) 229-5400  
Tom Tamura, Division Director (510) 589-8831

C. Program Hours of Operation

SFA staff is available 24 hours a day, 7 days a week, via on-call cell phone. Upon enrollment, the youth and caregivers are provided the appropriate information to contact their Personal Service Coordinator during a crisis. After 5pm the youth and/or caregiver will have the contact information to call the staff on-call phone.

D. Program Staffing (including staffing pattern)

- i. Division Director – 0.1 FTE
- ii. Program Director – 0.5 FTE
- iii. Assistant Program Director - 0.25 FTE
- iv. Clinical Supervisor – 0.25 FTE
- v. Personal Service Coordinator – 3.0 FTE
- vi. Family Partner – 1.0 FTE
- vii. Youth Partner – 1.0 FTE
- viii. Case Assistant – 0.5 FTE

#### **V. Service Documentation**

SFA will provide documentation of services as determined by Medi-Cal requirements and will collaborate with County personnel to enter PSP data.

Each client in the program will have a clinical record, which will contain all required consents, county required documents, client assessments and treatment plans, and progress notes.

Initials: \_\_\_\_\_  
Contractor County Department

## SERVICE WORK PLAN

**Agency:** Seneca Family of Agencies  
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**Fiscal Year:** July 1, 2016 – June 30, 2017  
**Title of Program:** START – Short-Term Assessment of Resources and Treatment (FSP-START)

SFA staff will complete the Partnership Assessment Form at the time of a youth's enrollment; the Quarterly Assessment Form will be completed every quarter initiated from the date of enrollment; and the Key Event Tracking form will be completed, if and when the youth experiences a key event. The information will be collected and entered accurately and without delay in to the State Data Collection and Reporting (DCR) System by SFA staff.

Additionally, the CANS and CALOCUS assessments will be completed at enrollment. The CANS/CALOCUS will also be completed every three months post-enrollment, and at discharge. The CANS data will be entered by SFA staff into the agency's database. SFA will send the data to Mental Health Administration (MHA) monthly. SFA staff will send the completed CALOCUS assessments to MHA as completed. MHA staff will enter the information into an MHA database once received.

Within the first 30 days PSC staff will complete the following:

- Comprehensive Assessment including the CALOCUS and CANS
- Treatment Plan
- Safety Plan

SFA staff will document all linkages made during the course of enrollment on the Discharge Summary, and will include a significant contact person for each linkage resource. Within 30 days of being discharged from START, SFA staff will call each contact person to determine whether or not the client/family remains engaged with the provider/service. A "successful linkage" will be defined as a service or provider with which a family continues to be engaged approximately 30 days after being discharged from the program. If the family does not maintain contact with the resource 30 days post-discharge, the linkage will be deemed "unsuccessful."

Flexible Funds accounts are to be tracked monthly with a summary report being submitted to the county no later than 7 days following the end of the month.

### **VI. Billing Procedure**

Contractor shall submit to Mental Health each month a Demand for Payment (Form D15) for services rendered.

Demands for payment should be submitted by mail to:

Helen Kearns, Project Manager  
Contra Costa County Children's Mental Health Division

Initials: \_\_\_\_\_  
Contractor                      County Department

## SERVICE WORK PLAN

**Agency:** Seneca Family of Agencies  
**Contract #** 74-058-21  
**Fiscal Year:** July 1, 2016 – June 30, 2017  
**Title of Program:** START – Short-Term Assessment of Resources and Treatment (FSP-START)

1340 Arnold Drive, Suite 200  
Martinez, Ca 94553  
(925) 957-5125

### **III. Program Outcomes**

1. Participating youth will experience at least a 30% reduction in psychiatric emergency service utilization at discharge compared to pre-enrollment baseline.
2. Participating youth will experience at least a 30% reduction in hospitalizations at discharge compared to pre-enrollment baseline.
3. 95% of linkage resources will be contacted 30 days post-discharge to determine the success of the linkage.
4. Youth and families will successfully link to 75% of the services/providers introduced by the START program.

### **VIII. Performance Outcome Measures**

Performance will be measured in compliance with state and local regulation utilizing:

1. Partnership Assessment Form
2. Key Event Tracking Form
3. Quarterly Assessment Form
4. Child and Adolescent Level of Care Utilization System (CALOCUS)
5. Child and Adolescent Needs and Strengths (CANS)
6. Discharge Summary
7. Client Satisfaction Questionnaire (County Form)
8. SFA Satisfaction Surveys to Youth and Caregiver (upon discharge)
9. MHSIP Consumer Perception Survey

### **IV. Other**

Promotional materials for this program should identify the funding source: “Funded by Proposition 63: the Mental Health Services Act, in partnership with Contra Costa Mental Health”.

Initials: \_\_\_\_\_  
Contractor                      County Department

# **APPENDIX C**

## **Service Provider Budget**



**BUDGET OF ESTIMATED PROGRAM EXPENDITURES  
SENECA FAMILY OF AGENCIES**

Service Function	Time Base	County Maximum Allowance (CMA)
Case Management, Brokerage	Staff Minute	\$2.08
Mental Health Services	Staff Minute	\$2.69
Medication Support	Staff Minute	\$4.96
Crisis Intervention	Staff Minute	\$4.00
Therapeutic Behavioral Services (TBS)	Staff Minute	\$2.69

Funding Sources	Mobile Response	TBS	School-Based Olivera	School-Based Wrap
Seneca Family of Agencies				
Federal Financial Participation	\$ 281,376.00	\$ 393,226.00	\$ 640,535.00	\$ 185,400.00
County Realignment (Match funding)	\$ 281,375.00	\$ 393,226.00	\$ 640,535.00	\$ 185,400.00
County Realignment	\$ 407,498.00	-	-	
		-		
MDUSD (Incoming Funds 29-513)			\$ 10,000.00	
Program Payment Limit	\$ 970,249.00	\$ 786,452.00	\$ 1,291,070.00	\$ 370,800.00
<b>Contract Payment Limit</b>	<b>\$ 7,732,518.00</b>			

Funding Sources	School-Based Riverview	MHSA-FSP START	School-Based Caliber	School-Based Catalyst
Seneca Family of Agencies				
Federal Financial Participation	\$ 1,050,219.00	\$ 313,233.00	\$ 244,000.00	\$ 473,800.00
County Realignment (FFP Match funding)	\$ 1,051,218.00	\$ 93,554.00	244,000.00	\$ 473,800.00
County Realignment for Non MediCal	\$ -	-	-	-
MDUSD (Incoming Funds 29-513)	\$ 10,000.00	-	-	
Mental Health Services Act		360,123.00		
Program Payment Limit	\$ 2,111,437.00	\$ 766,910.00	\$ 488,000.00	\$ 947,600.00

**Note:**



- (1) For all eligible services, Contractor will bill Medi-Cal, using County's Medi-Cal Billing system under the rehabilitation option. All Federal Financial Participation (FFP) payments shall accrue to the County.

**Medicare Certification and Other Health Care Insurance**

If Contractor is providing Medicare services they are required to apply for Medicare certification. If Contractor is denied Medicare certification, Contractor must submit the Medicare denial notice to County before services can qualify for Medi-Cal payment. If Contractor is certified by Medicare and renders services at a place of service eligible for reimbursement under the Medicare program, Contractor must claim Medicare for services prior to claiming Medi-Cal, except as described in California Department of Mental Health Information Notice 10-23.

If Contractor is certified by Medicare, Contractor is responsible for billing Medicare, obtaining and Explanation of Benefits (EOB) or Denial of Payment (DOP) prior to submitting a Medi-Cal bill to County for balance due for any non-covered Medicare portion to Medi-Cal. EOBs and/or DOPs must accompany Medi-Cal billing submissions. Contractor shall be solely responsible for any Medi-Cal losses resulting from their late or incorrect billings to Medicare, and late or incorrect submissions of the requisite EOBs/DOPs.

If the beneficiary has any Other Health Care (OHC) Insurance, Contractor is responsible for billing OHC Insurance and obtaining an EOB or DOP prior to submitting a Medi-Cal bill to County for balance due for any non-covered OHC portion to Medi-Cal. EOBs and/or DOPs must accompany Medi-Cal billing submissions. Contractor shall be solely responsible for any Medi-Cal losses resulting from their late or incorrect billings to OHC Insurance, and late or incorrect submissions of the requisite EOBs/DOPs.

Initials:  Contractor  County Dept.

# **APPENDIX D**

## **Yearly External Fiscal Audit**



**(A California Nonprofit Public Benefit Corporation)**

**Consolidated Financial Statements**

**June 30, 2016 and 2015**

# SENECA FAMILY OF AGENCIES

## Table of Contents

June 30, 2016 and 2015

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4-5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-27
Supplementary Information	
Schedule of Expenditures of Alameda County Grants	28
Schedule of Expenditures of Federal and Nonfederal Awards	29-30
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 <i>Government Auditing Standards</i>	31-32
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	33-34
Schedule of Findings and Questioned Costs	35



## **Independent Auditors' Report**

To the Audit Committee  
Seneca Family of Agencies

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Seneca Family of Agencies (a California non-profit public benefit corporation), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, 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 Seneca Family of Agencies as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and nonfederal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of Alameda County grants is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 15, 2016, on our consideration of Seneca Family of Agencies' 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 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 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 Seneca Family of Agencies' internal control over financial reporting compliance.

*Gilmore and Associates, CPA*

San Mateo, CA  
December 15, 2016

**SENECA FAMILY OF AGENCIES**

**Consolidated Statements of Financial Position**

**June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,348,887	\$ 6,633,077
Investments	11,167	1,360,085
Accounts receivable:		
Government agencies	17,742,185	16,365,927
Other	384,205	310,584
Pledges receivable	167,200	117,200
Loan receivable	-	1,395,000
Prepaid expenses	572,049	601,526
	29,225,693	26,783,399
<b>Property and equipment - net</b>	26,113,608	22,428,760
<b>Other assets</b>		
Restricted cash	261,473	261,196
Deposits	1,291,891	1,477,576
Bond issuance costs, net	177,344	189,436
Other	45,200	45,200
	1,775,908	1,973,408
	\$ 57,115,209	\$ 51,185,567
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,459,481	\$ 1,529,042
Accrued liabilities	8,673,114	6,608,898
Reserves	534,652	925,067
Overpayments	2,368,939	2,002,067
Deferred revenue	3,537,247	4,233,248
Notes payable	515,754	369,004
Bonds payable	95,000	95,000
	17,184,187	15,762,326
<b>Long term liabilities</b>		
Reserves, net of current portion	3,559,662	2,929,882
Notes payable, net of current portion	11,820,906	9,269,550
Bonds payable, net of current portion	1,985,000	2,080,000
	17,365,568	14,279,432
	34,549,755	30,041,758
<b>Net assets</b>		
Unrestricted	20,926,607	19,993,089
Temporarily restricted	1,573,672	1,085,545
Permanently restricted	65,175	65,175
	22,565,454	21,143,809
	\$ 57,115,209	\$ 51,185,567

See accompanying notes.

**SENECA FAMILY OF AGENCIES**

**Consolidated Statement of Activities and Changes in Net Assets**

**Year Ended June 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Contributions				
General	\$ 745,002	\$ 2,610,000	\$ -	\$ 3,355,002
In-kind	329,500	-	-	329,500
Government contracts	92,692,593	-	-	92,692,593
Program service fees	1,181,507	-	-	1,181,507
Special events (net of expenses of \$65,742)	181,789	-	-	181,789
Other revenue	1,961,198	-	-	1,961,198
Investment return	19,290	-	-	19,290
Net assets released from restrictions	2,121,873	(2,121,873)	-	-
	99,232,752	488,127	-	99,720,879
Expenses				
Program services	86,091,173	-	-	86,091,173
Support services	12,065,410	-	-	12,065,410
	98,156,583	-	-	98,156,583
Changes in net assets	1,076,169	488,127	-	1,564,296
Net assets, beginning of year	19,993,089	1,085,545	65,175	21,143,809
Net deficit of affiliate as of October 8, 2016	(142,651)	-	-	(142,651)
Net assets, end of year	\$ 20,926,607	\$ 1,573,672	\$ 65,175	\$ 22,565,454

See accompanying notes.



**SENECA FAMILY OF AGENCIES**

**Statement of Activities and Changes in Net Assets**

**Year Ended June 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Contributions				
General	\$ 772,985	\$ 883,047	\$ -	\$ 1,656,032
In-kind	879,844	-	-	879,844
Government contracts	83,147,519	-	-	83,147,519
Program service fees	1,411,921	-	-	1,411,921
Special events (net of expenses of \$94,926)	135,186	-	-	135,186
Other revenue	1,603,503	-	-	1,603,503
Investment return	(2,579)	-	-	(2,579)
Net assets released from restrictions	789,609	(789,609)	-	-
	88,737,988	93,438	-	88,831,426
Expenses				
Program services	75,485,541	-	-	75,485,541
Support services	11,624,269	-	-	11,624,269
	87,109,810	-	-	87,109,810
Changes in net assets	1,628,178	93,438	-	1,721,616
Net assets, beginning of year	18,364,911	992,107	65,175	19,422,193
Net assets, end of year	\$ 19,993,089	\$ 1,085,545	\$ 65,175	\$ 21,143,809

See accompanying notes.

**SENECA FAMILY OF AGENCIES**

**Consolidated Statement of Functional Expenses**

**Year Ended June 30, 2016**

	Community Based Services	Education Services	Foster Care and Permanency	Training	Total Program Services	Development	Management and General	Total
<b>Payroll</b>								
Salaries	\$ 29,122,698	\$ 21,825,466	\$ 2,453,964	\$ 737,133	\$ 54,139,261	\$ 445,545	\$ 4,930,299	\$ 59,515,105
Employee benefits	4,189,426	3,139,688	353,013	106,040	7,788,167	64,094	752,560	8,604,821
Payroll taxes and workers' compensation	2,936,578	2,200,764	247,445	74,329	5,459,116	44,926	497,145	6,001,187
<b>Total Payroll</b>	<b>36,248,702</b>	<b>27,165,918</b>	<b>3,054,422</b>	<b>917,502</b>	<b>67,386,544</b>	<b>554,565</b>	<b>6,180,004</b>	<b>74,121,113</b>
<b>Operations</b>								
Advertisement and recruitment	178,178	106,762	48,799	4,721	338,460	5,253	-	343,713
Bank fee	-	-	-	-	-	-	55,798	55,798
Clothing	39	-	-	-	39	-	-	39
Conferences and training	157,926	212,433	31,601	91,116	493,076	8,829	141,774	643,679
Contract services	3,998,299	1,529,240	194,188	827,788	6,549,515	156,357	889,441	7,595,313
Equipment leases	70,498	37,921	13,618	-	122,037	448	15,649	138,134
Family service fees	1,796	-	1,932,039	-	1,933,835	-	-	1,933,835
Food	59,976	191,123	1,579	-	252,678	36	-	252,714
Fundraising	16	-	250	-	266	5,406	-	5,672
Government fees	(12,377)	23,024	11,934	-	22,581	(68)	81,701	104,214
Insurance	-	-	-	-	-	-	607,031	607,031
Interest	187,572	12,343	38,686	43,928	282,529	4,604	271,310	558,443
In-kind	-	-	-	-	0	329,500	-	329,500
Medical-Non Medi Cal	29,395	-	-	-	29,395	-	-	29,395
Occupancy	702,164	395,646	101,372	-	1,199,182	9,426	74,999	1,283,607
Printing	5,066	3,598	1,674	11	10,349	20,393	14,610	45,352
Repairs and maintenance	644,964	495,937	63,678	7,417	1,211,996	8,417	399,916	1,620,329
Special events	9,164	73,116	26,320	194	108,794	374	8,254	117,422
Subscription and dues	12,161	45,408	2,862	15,863	76,294	12,231	349,484	438,009
Supplies and postage	1,041,707	777,841	78,879	63,720	1,962,147	17,219	522,612	2,501,978
Telephone	572,160	219,406	93,095	13,583	898,244	4,774	298,019	1,201,037
Transportation	1,614,150	276,933	184,294	48,149	2,123,526	12,931	392,213	2,528,670
Utilities	214,656	189,560	26,165	-	430,381	2,110	225,185	657,676
<b>Total Expenses Before Depreciation</b>	<b>45,736,212</b>	<b>31,756,209</b>	<b>5,905,455</b>	<b>2,033,992</b>	<b>85,431,868</b>	<b>1,152,805</b>	<b>10,528,001</b>	<b>97,112,674</b>
Depreciation	412,967	175,041	50,179	21,118	659,305	4,346	380,258	1,043,909
<b>Total Direct Expenses</b>	<b>46,149,179</b>	<b>31,931,250</b>	<b>5,955,634</b>	<b>2,055,110</b>	<b>86,091,173</b>	<b>1,157,151</b>	<b>\$ 10,908,259</b>	<b>\$ 98,156,583</b>
Allocable Expense	5,769,821	3,992,218	744,606	256,941	10,763,585	144,673		
<b>Total Expense</b>	<b>\$ 51,919,000</b>	<b>\$ 35,923,468</b>	<b>\$ 6,700,240</b>	<b>\$ 2,312,051</b>	<b>\$ 96,854,758</b>	<b>\$ 1,301,824</b>		

See accompanying notes.

**SENECA FAMILY OF AGENCIES**

**Statement of Functional Expenses**

**Year Ended June 30, 2015**

	Community Based Services	Education Services	Foster Care and Permanency	Training	Total Program Services	Development	Management and General	Total
<b>Payroll</b>								
Salaries	\$ 25,510,378	\$ 18,725,074	\$ 2,141,863	\$ 712,452	\$ 47,089,767	\$ 353,652	\$ 4,769,320	\$ 52,212,739
Employee benefits	3,057,168	2,244,016	256,681	85,380	5,643,245	42,382	571,556	6,257,183
Payroll taxes and workers' compensation	2,834,050	2,080,244	237,948	79,149	5,231,391	39,289	529,843	5,800,523
<b>Total Payroll</b>	<b>31,401,596</b>	<b>23,049,334</b>	<b>2,636,492</b>	<b>876,981</b>	<b>57,964,403</b>	<b>435,323</b>	<b>5,870,719</b>	<b>64,270,445</b>
<b>Operations</b>								
Advertisement and recruitment	153,194	105,599	25,566	4,888	289,247	16,585	13,440	319,272
Bank fee	-	-	-	-	-	-	72,376	72,376
Clothing	-	-	704	-	704	-	-	704
Conferences and training	136,717	168,967	24,542	95,223	425,449	6,029	99,203	530,681
Contract services	3,820,948	1,480,595	150,133	808,916	6,260,592	198,407	931,118	7,390,117
Equipment leases	61,713	35,056	13,450	-	110,219	336	15,805	126,360
Family service fees	15,706	-	1,808,033	-	1,823,739	-	-	1,823,739
Food	46,434	224,013	4,089	-	274,536	20	-	274,556
Fundraising	-	-	-	-	-	17,415	579	17,994
Government fees	58,758	3,416	8,824	-	70,998	45	226,942	297,985
Insurance	-	-	-	-	-	-	512,533	512,533
Interest	144,386	11,396	43,347	45,582	244,711	4,835	133,783	383,329
In-kind	81,020	-	110,700	-	191,720	158,124	-	349,844
Medical-Non Medi Cal	19,527	550	-	-	20,077	-	60	20,137
Occupancy	746,942	395,712	96,564	-	1,239,218	-	39,840	1,279,058
Printing	4,134	3,924	1,525	-	9,583	25,585	16,455	51,623
Repairs and maintenance	824,161	625,542	84,757	12,863	1,547,323	6,428	588,034	2,141,785
Special child and family events	10,872	75,077	22,344	133	108,426	-	3,760	112,186
Subscription and dues	10,182	17,008	2,881	7,760	37,831	3,311	156,433	197,575
Supplies and postage	1,060,028	630,879	78,893	30,300	1,800,100	17,858	430,512	2,248,470
Telephone	412,657	180,320	37,816	15,005	645,798	1,899	241,982	889,679
Transportation	1,455,320	253,123	173,587	32,909	1,914,939	14,618	386,356	2,315,913
Utilities	165,541	181,547	19,106	-	366,194	1,210	121,428	488,832
<b>Total Expenses Before Depreciation</b>	<b>40,629,836</b>	<b>27,442,058</b>	<b>5,343,353</b>	<b>1,930,560</b>	<b>75,345,807</b>	<b>908,028</b>	<b>9,861,358</b>	<b>86,115,193</b>
Depreciation	92,256	12,309	13,015	22,154	139,734	98	854,785	994,617
<b>Total Direct Expenses</b>	<b>40,722,092</b>	<b>27,454,367</b>	<b>5,356,368</b>	<b>1,952,714</b>	<b>75,485,541</b>	<b>908,126</b>	<b>\$ 10,716,143</b>	<b>\$ 87,109,810</b>
Allocable Expense	5,712,303	3,851,169	751,366	273,918	10,588,755	127,388		
<b>Total Expense</b>	<b>\$ 46,434,395</b>	<b>\$ 31,305,536</b>	<b>\$ 6,107,734</b>	<b>\$ 2,226,632</b>	<b>\$ 86,074,296</b>	<b>\$ 1,035,514</b>		

See accompanying notes.

**SENECA FAMILY OF AGENCIES**

**Consolidated Statements of Cash Flows**

**Years Ended June 30, 2016 and 2015**

	2016	2015
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 1,564,296	\$ 1,721,616
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,056,000	1,006,708
Non-cash contribution of real estate	-	(530,000)
(Gain) loss on asset disposal	(862,054)	43,225
(Gain) loss, realized and unrealized, on investments	141,965	139,679
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - government agencies	(1,376,258)	(4,790,026)
Accounts receivable - other	(62,860)	(168,142)
Pledges receivable	(50,000)	50,000
Prepaid expenses	59,391	270,476
Deposits	186,135	(261,846)
Increase (decrease) in:		
Accounts payable	(219,167)	101,283
Accrued liabilities	1,834,628	912,414
Reserves	239,365	738,531
Overpayments	366,872	817,616
Deferred revenue	(696,001)	742,740
Net cash provided by operating activities	2,182,312	794,274
<b>Cash flows from investing activities</b>		
Proceeds from sale of equipment	2,095,400	-
Purchase of property and equipment	(3,834,906)	(6,686,212)
Loan to nonprofit organization	-	(1,395,000)
Loan repayments received from nonprofit	160,909	-
Proceeds from sale of investments	3,338,653	3,569,988
Purchase of investments	(2,131,700)	(1,582,698)
Net cash used in investing activities	(371,644)	(6,093,922)
<b>Cash flows from financing activities</b>		
Proceeds from financing of real property	2,879,002	6,195,850
Payments on notes payable	(932,501)	(2,081,137)
Payments on bonds payable	(95,000)	(95,000)
Net cash provided by financing activities	1,851,501	4,019,713
Net increase (decrease) in cash	3,662,169	(1,279,935)
Cash and cash equivalents, beginning of year	6,633,077	7,911,551
Cash held by affiliate as of October 8, 2015	53,918	-
Changes in restricted cash	(277)	1,461
Cash and cash equivalents, end of year	\$ 10,348,887	\$ 6,633,077
<b>Supplemental disclosures</b>		
Interest paid	\$ 558,443	\$ 383,329
In-kind support	329,500	879,844
Noncash transaction - elimination on consolidation of loan to nonprofit as of affiliation date	1,234,091	-

See accompanying notes.

# SENECA FAMILY OF AGENCIES

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### Note 1 - The Organization

Seneca Family of Agencies (the Organization) was established in 1985 and serves 17 California counties in the Bay Area, Central Coast, and Southern California, and King County, Washington. The Organization is committed to treatment, care, education and permanent family solutions for children faced with the most profound challenges resulting from histories of trauma. In all areas of service, unconditional care is the standard to ensure the safety and stability of each child. The Organization's focus is to ensure that all children and youth are able to grow up in safe and loving families.

National leadership – A leader in the state and national dialogue on family based permanency, the National Institute for Permanent Family Connectedness was created. The NIFPC consults and trains child welfare agencies, court systems and community partners nationally.

Community Based Services - During the 2015-2016 fiscal year, Seneca's community-based services served 6,722 youth. Seneca's community-based services build upon and enhance the strengths of children and families, accelerating their progress toward attaining stability, self-sufficiency and long-term success in their home communities.

School based mental health and special education programs – Educational programs support the success of all children in classroom, community and family. In the 2015-2016 fiscal year Seneca served 1,313 youth in its educational programs. Special education and mental health care in an education environment begins with a prevention and early intervention model managed within a community school setting.

Foster Care and Permanency –The foster care and permanency programs serve about 848 children each year in adoption, relative care, post adoption, or mental health services.

Professional and parent education – A training institute headquartered in Oakland serves as the base of operations for statewide professional training for staff and community partners as well as providing specialized adoption and parent training curricula to expand the scope of evidence-based and evidence-informed learning.

National Accreditation - Seneca Family of Agencies has achieved Joint Commission Behavioral Health Care Accreditation to reinforce its dedication to meeting or exceeding the highest standards of behavioral health care delivery. We are one of the only agencies in the country that integrates juvenile justice, child welfare, education, mental health and training into its service network.

## SENECA FAMILY OF AGENCIES

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

#### Note 1 - The Organization (continued)

Volunteer professional services and in-kind donor participation – During years ended June 30, 2016 and 2015, the Organization acknowledged \$329,500 and \$349,844, respectively, of in-kind donations for use in various programs, as well as a \$530,000 donation of real estate in December 2014.

Affiliation - Effective October 8, 2015, the Organization entered into an affiliation agreement with Family Life Center (FLC), a California nonprofit corporation operating residential treatment and education programs for children and families in need in Petaluma, California . Under the agreement, the Organization controls the appointment of FLC's board of directors. Because of the level of control over operations and governance, the Organization has consolidated FLC's operations in its financial statements beginning as of the date of the affiliation.

#### Note 2 - Summary of Significant Accounting Policies

Principles of consolidation – The accompanying consolidated financial statements include the accounts of the Organization and Family Life Center, an affiliated organization. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting - The accrual method of accounting is used, which reflects revenue when earned and expenses as incurred.

Basis of presentation - Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations, which represent the expendable resources that are available for operations at management's discretion.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

# SENECA FAMILY OF AGENCIES

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents - Cash and cash equivalents include cash, money market accounts, and demand deposits held by financial institutions, and other highly liquid investments with a maturity of three months or less.

Accounts receivable - Accounts receivable includes receivables from governmental agencies and private foundations, as well as receivables related to rents, service and consulting income. The Organization uses an allowance method in order to reserve for potential uncollectible accounts receivable.

Property and equipment - Property and equipment in excess of \$1,000 are stated at cost if purchased or at fair market value at the date of donation if donated, with the exception of assets purchased for the group homes, which are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Contributions and pledges receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments - The Organization values its investments at fair value. Gains and losses (including investments bought, sold, and held during the year) are reflected in the statement of activities as investment return. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

Fair value measurements - Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices on active markets for identical assets

Level 2 inputs - quoted prices on active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

## SENECA FAMILY OF AGENCIES

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

#### Note 2 - Summary of Significant Accounting Policies (continued)

The Organization is required to measure three types of assets and the related revenues at fair value: unconditional promises to give (pledges receivable), certain investments, and in-kind contributions. The specific techniques used to measure fair value for each element are described in the notes that relate to each element.

Revenue recognition – The Organization reports cash contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

In-kind contributions - Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A number of unpaid volunteers have made significant contributions of their time and perform a variety of tasks that assist the Organization with its programs. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

Functional allocation of expenses - The Organization has in place a cost allocation plan employed to allocate indirect expenses among programs and administrative services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes - The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d, and is considered by the IRS to be an organization other than a private foundation.



**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 2 - Summary of Significant Accounting Policies (continued)**

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in the Organization's federal and state exempt organization and business income returns are more likely than not to be sustained upon examination. The Organization's returns for years ended June 30, 2015, 2014, and 2013, are subject to examination by federal and state taxing authorities, generally for three years after they are filed

Reclassifications - Certain prior year revenue and expense amounts have been reclassified for comparative purposes.

**Note 3 - Pledges Receivable**

Pledges receivable are recorded as support when pledged, unless designated otherwise. All pledges are valued at estimated fair value at the date of the pledge. The total amount of pledges receivable at June 30, 2016 of \$167,200 is expected to be collected within one year.

**Note 4 - Property and Equipment**

As of June 30, 2016 and 2015, property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 11,808,529	\$ 10,624,914
Buildings	12,386,179	10,272,667
Leasehold improvements	5,221,144	4,214,868
Furniture and equipment	1,914,752	1,783,461
Vehicles	1,376,663	1,244,930
Portable buildings	265,925	265,925
Construction in progress	<u>372,663</u>	<u>127,182</u>
	33,345,855	28,533,947
Accumulated depreciation and amortization	<u>( 7,232,247)</u>	<u>( 6,105,187)</u>
	<u>\$ 26,113,608</u>	<u>\$ 22,428,760</u>

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 4 - Property and Equipment (continued)**

For the year ended June 30, 2016 and 2015, depreciation expense was \$1,043,909 and \$994,617, respectively.

The Organization leases its former group homes to unrelated third parties. Leases are for one-year terms. The Organization is still evaluating the sale or use of these former group homes, and accordingly, these real properties are still classified as held and used as of June 30, 2016. The Organization also leases commercial space in Solano and Santa Rosa, California, to other organizations, and leases land in Oakland, California to a communications company. Total lease income for the year ended June 30, 2016 and 2015, is \$197,561 and \$192,460, respectively, and is included in other revenue.

In December 2014 the Organization received an unrestricted in-kind contribution of real estate located in Fairfield, California, valued at \$530,000. See Note 6 for information on the fair value measurement of this contribution.

In August 2015, the Organization purchased real property in Petaluma, California, for \$1,574,625, from a nonprofit organization who later became an affiliate. The fair market value was determined using a third-party appraiser.

**Note 5 - Investments**

The fair values of securities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). The table below presents the balances of investment assets measured at fair value as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Mutual funds	\$ -	\$ 717,018
Equities	-	558,512
Real estate fund	-	46,926
Money market funds	95	25,776
Pooled securities	11,072	11,853
	<u>\$ 11,167</u>	<u>\$ 1,360,085</u>

Investment return for the year ended June 30, 2016 and 2015, is summarized as follows:

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 5 – Investments (continued)**

	2016	2015
Interest and dividends, including interest on restricted cash	\$ 179,056	\$ 158,452
Net realized and unrealized gains (losses)	( 141,965)	( 139,679)
Investment fees	( 17,801)	( 21,352)
	\$ 19,290	(\$ 2,579)

All investment return is classified as unrestricted in the statement of activities.

**Note 6 - Fair Value Measurements**

The table below presents the balances of assets or liabilities measured at fair value on a recurring basis:

<u>Level 1</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Mutual funds	\$ -	\$ 717,018
Equities	-	558,512
Real estate fund	-	46,926
	\$ -	\$ 1,322,456
<u>Level 2</u>		
Pooled securities	\$ 11,072	\$ 11,853

The fair values of equities, real estate fund and mutual funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). The fair value of pooled securities has been measured on a recurring basis using quoted prices in active markets for the same or similar assets (Level 2 inputs).

The table below presents transactions measured at fair value on a non-recurring basis during the year:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contribution of real estate	\$ -	\$ 530,000
Other in-kind contributions	329,500	349,844

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 6 - Fair Value Measurements**

The fair value of contributed real estate is measured on a non-recurring basis at the time of contribution, based on a third party appraisal. The fair values of other in-kind contributions are measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs). The fair values of pledged contributions are measured on a non-recurring basis, based on the value provided by the donor at the date of the pledge (Level 3 inputs).

The following table provides detail activity for assets with Level 3 fair value measurements:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Pledges receivable, beginning of year	\$ 117,200	\$ 167,200
Pledged contributions	50,000	-
Pledges collected	( _____ )	( 50,000 )
Pledges receivable, end of year	<u>\$ 167,200</u>	<u>\$ 117,200</u>

**Note 7 - Restricted Cash**

As of June 30, 2016 and 2015, cash has been restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
Held in trust for payments on bonds payable – see Note 12	\$ 261,473	\$ 261,196

**Note 8 - Accrued Liabilities**

Accrued liabilities as of June 30, 2016 and 2015, consist of the following:

	<u>2016</u>	<u>2015</u>
Wages	\$ 1,940,649	\$ 1,685,023
Vacation	3,682,812	3,120,057
Payroll taxes and benefits	1,841,511	817,879
Private insurance offset	798,496	653,360
Real estate taxes	-	130,394
Lease obligations	-	4,492
Other liabilities	<u>409,646</u>	<u>197,693</u>
	<u>\$ 8,673,114</u>	<u>\$ 6,608,898</u>

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 9 - Lines of Credit**

The Organization has a line of credit with a bank for \$2,000,000, which will expire in January 2017. Interest is computed at a floating rate per annum equal to the LIBOR rate. The line of credit is secured by real property. There was no balance outstanding at June 30, 2016 and 2015.

The Organization has an irrevocable letter of credit with a bank for \$2,770,000, which will expire in January 2017. Interest is computed at the bank's prime rate plus 2.939%, up to the limit allowed by law. There was no balance outstanding as of June 30, 2016 and 2015.

**Note 10 - Liability for Overpayments Received**

Timing differences in recording terminations from the various programs result in receipts for services relating to children who have left the programs. These receipts may be refundable to the county agencies providing the funds. Accordingly, the Organization records these amounts as a liability. The Organization is contacted by county agencies on a child-by-child basis or a contract basis regarding the repayment process.

If no action or response to inquiries on overpayments is received by the Organization five years subsequent to receipt of funds, the funds are recognized as income. Under this policy, \$96,327 and \$189,190 of overpayments were taken into income in the years ended June 30, 2016 and 2015, and have been included in other revenue on the statement of activities.

**Note 11 - Notes Payable**

Notes payable as of June 30 consist of the following:

	<u>2016</u>	<u>2015</u>
Note payable to bank, secured by real property, payable in monthly installments of \$14,159, including interest at 4.420%, due March 2032.	\$ 1,908,980	\$ 1,991,028
Note payable to bank, secured by real property, payable in monthly installments of \$9,339, including interest at 3.520%, due March 2025.	1,529,666	1,585,614

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 11 - Notes Payable (continued)**

	2016	2015
Note payable to bank, secured by real property, payable in monthly installments of \$6,863, including interest at 3.590%, due May 2025.	1,313,014	1,346,772
Note payable to bank, secured by real property, payable in monthly installments of \$8,783, including interest at 4.570%, due September 2033.	1,253,088	1,299,678
Note payable to bank, secured by real property, payable in monthly installments of \$6,609, including interest at 3.590%, due May 2025.	1,265,866	1,298,321
Note payable to bank, secured by real property, payable in monthly installments of \$8,740, including interest at 4.220%, due June 2025.	1,211,619	1,240,000
Note payable to bank, secured by real property, payable in monthly installments of \$2,571, including interest at 3.590%, due May 2025.	491,991	504,640
Note payable to bank, secured by real property, payable in monthly installments of \$1,087, including interest at 4.220%, due June 2025.	195,422	200,000
Note payable to state agency, secured by real property, payable in monthly installments of \$2,762, including interest at 3.0%, due May 2019.	92,461	122,347
Note payable to state agency, secured by real property, payable in monthly installments of \$1,408.66, including interest at 3.00%, due September 2019.	38,918	50,154
Note payable to bank, secured by real property, payable in monthly installments of \$3,347.30, including initial interest at 3.74%, due April 2026.	645,408	-

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 11 - Notes Payable (continued)**

	2016	2015
Note payable to bank, secured by real property, payable in monthly installments of \$6,739.84, including initial interest at 4.07%, due August 2025.	1,235,218	-
Note payable to bank, secured by real property, payable in monthly installments of \$4,138.67, including initial interest at 1.98%, due December 2025.	959,702	-
Note payable to bank, secured by real property, payable in monthly installments of \$5,570.06, including initial interest at 4.25%, due July 2019.	195,307	-
Total notes payable	12,336,660	9,638,554
Current portion	( 515,754)	( 369,004)
	<u>\$ 11,820,906</u>	<u>\$ 9,269,550</u>

Debt maturities of notes payable are as follows:

Year ending June 30,		
2017	\$	515,754
2018		536,791
2019		555,937
2020		478,386
2021		486,273
Thereafter		9,763,519
	\$	<u>12,336,660</u>

**Note 12 - Bonds Payable**

On March 1, 2006, the Office of Statewide Health Planning and Development of the State of California issued bonds payable in the principal amount of \$2,910,000 to Kinship Center. The Organization assumed this liability in the acquisition of Kinship Center as of July 1, 2011.

The bonds bear interest at a gradually increasing rate ranging from 3.35% in 2006 to 4.65% in 2031, with staggered maturities through March 1, 2031. The proceeds from the sale of the certificates were used to refinance an existing note payable on property in Monterey County. The balance outstanding on the bonds payable at June 30, 2016 and 2015 was \$2,080,000 and \$2,175,000, with current portions of \$95,000 and \$95,000, respectively.

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 12 - Bonds Payable (continued)**

As required by the terms of the bond's regulatory agreement, the Organization is required to satisfy certain restrictive covenants which, among other terms, requires the maintenance of certain financial ratios and operational levels, places limits on other indebtedness, and requires certain informational reports. The Organization substantially met its debt covenants at June 30, 2016 and 2015.

The Organization has pledged security interests in revenue and in certain real property, fixtures, and personal property.

Maturities for the bonds are as follows:

Year ending June 30,	
2017	\$ 95,000
2018	95,000
2019	95,000
2020	95,000
2021	95,000
Thereafter	<u>1,605,000</u>
	<u>\$ 2,080,000</u>

Cash held in trust at June 30, 2016 and 2015, related to the bonds payable, consists of the following:

	<u>2016</u>	<u>2015</u>
Bond reserve fund	\$ 196,973	\$ 196,973
Interest reserve fund	31,583	32,557
Principal reserve fund	32,917	31,666
Revenue fund	<u>-</u>	<u>-</u>
	<u>\$ 261,473</u>	<u>\$ 261,196</u>



**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 13 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2016 and 2015, are restricted as to timing and purpose, for use as follows:

	2016	2015
Gates Foundation	\$ 422,352	\$ -
NoCal South County Clinic	271,444	173,504
NoCal Placement	150,243	259,000
San Benito Placement	150,000	-
SoCal Placement	78,165	46,015
Education institute	78,109	113,698
Family Ties	69,021	-
Kaiser Trauma Grant	63,333	10,000
Recruitment	47,529	68,421
SoCal Family Funding	54,625	45,246
REACH Program	27,077	27,077
I Padrini Family Finding Fund	25,931	27,848
I3 Federal Grant	23,035	173,081
Education Fund	20,311	20,311
Pfeiffer Foundation	20,000	-
Ranch Mental Health Clinic	17,666	-
Friends Funds	17,189	16,388
Parent Child Interactive Therapy	13,409	25,977
Ranch Roof	-	30,000
Building Blocks	-	28,290
Funds and programs with less than \$10,000 at year end	24,233	20,689
	<b>\$1,573,672</b>	<b>\$1,085,545</b>

**Note 14 - Permanently Restricted Net Assets**

Permanently restricted net assets represent contributions where the donor has stipulated that the principal is to be kept intact in perpetuity and only the interest and dividends therefrom may be expended for unrestricted purposes. At June 30, 2016 and 2015, permanently restricted net assets were \$65,175.

Generally accepted accounting principles provide guidance on the net asset classification of donor-restricted endowment fund for a nonprofit organization and also require additional disclosures about an organization's endowment funds.

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 14 - Permanently Restricted Net Assets (continued)**

The Organization classifies as permanently restricted net assets the original value of the gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

The Organization has adopted investment and spending policies for endowment assets to provide a predictable stream of revenues for operating activities and to preserve the purchasing power of the endowment assets.

The Organization's endowment funds are held in its investment accounts. Changes to the endowment net assets are as follows:

Beginning balance July 1, 2014	\$ 65,175
	<u>-</u>
Ending balance June 30, 2015	65,175
	<u>-</u>
Ending balance June 30, 2016	<u>\$ 65,175</u>

All investment returns related to endowment assets were transferred to unrestricted net assets, as directed by the board spending policy.

**Note 15 - Government Contract Revenues**

Government contract revenues for the year ended June 30, 2016 and 2015, consist of the following:

	<u>2016</u>	<u>2015</u>
Community based programs	\$50,648,747	\$42,212,286
Education and school based programs	35,579,720	34,070,194
Foster care and permanency	6,388,564	6,281,807
Cost settlement and other contract adjustments	<u>75,492</u>	<u>583,232</u>
	<u>\$92,692,523</u>	<u>\$83,147,519</u>

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 16 - Other Revenue**

Other revenue for the year ended June 30, 2016 and 2015, consists of the following:

	<u>2016</u>	<u>2015</u>
Management services	\$ 78,000	\$ 681,619
Family finding and identification services	234,811	269,670
Lease income	197,561	192,460
Overpayments recognized	96,327	189,190
Computer consulting	66,000	66,281
Gain on sale of fixed assets (affiliate)	862,054	-
Other	<u>426,446</u>	<u>204,283</u>
	<u>\$ 1,961,198</u>	<u>\$ 1,603,503</u>

Management services and other transactions with Family Life Center - In August 2014, the Organization began assisting with the management of operations of Family Life Center (FLC). Management duties include program operations, fiscal management and other consulting. Fees for these services are based on the salary and benefits for personnel providing the services, plus an 18.5% fee. The Organization signed an affiliation agreement with FLC effective October 8, 2015.

Revenues under the management agreement totaled \$204,406 and \$681,219 for the year ended June 30, 2016, and 2015, respectively, of which \$126,406 was earned after the affiliation agreement was in effect. \$66,023 was due to the Organization as of June 30, 2016, and has been eliminated in consolidation. \$131,619 is due to the Organization as of June 30, 2015, and is included in other receivables on the balance sheet.

The Organization also has extended credit, not to exceed \$1.5 million, for the operations of FLC. Interest is being charged at the Wall Street Journal prime rate, compounded daily. The line of credit is secured by real estate, and is due on demand. As of June 30, 2016, and 2015, the Organization has extended FLC \$498,412 and \$1,395,000, respectively, in credit. As of June 30, 2015, the amount due from FLC is shown as a note receivable. As of June 30, 2016, the receivable has been eliminated in consolidation.

In August 2015, the Organization purchased real property from FLC. See Note 4.

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 17 - Operating Lease Commitments**

The Organization leases facilities and equipment under operating leases expiring in various years through June 2019. A majority of these leases are on a month-to-month basis.

Lease expense was \$1,624,105 for the year ended June 30, 2016 and \$1,657,605 for the year ended June 30, 2015.

Minimum future rental payments under these leases are as follows:

<u>Year ending June 30,</u>	
2017	\$ 285,794
2018	183,855
2019	<u>125,918</u>
	<u>\$ 595,567</u>

**Note 18 – Other Commitments, Reserves and Contingencies**

Pursuant to county, state and federal requirements for funding community service centers, the Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations.

The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the organization has no provision for the possible disallowance of program costs on its financial statements.

The Organization is primarily funded through county, state and federal government contracts, which are subject to political, financial and operational risks which may affect the ongoing funding of contracts. To protect from any fiscal impact of changing contract terms potentially leading to sudden and unexpected loss of revenue, the Organization established a contracts contingency reserve. The reserve is based on a percentage of certain program revenues.

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 18 – Other Commitments, Reserves and Contingencies (continued)**

The Organization is fully self-insured through the state of California for its workers' compensation insurance costs. The Organization is liable for costs up to \$500,000 per claim, with state and third-party insurance coverage for costs in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not yet reported.

In a prior year, the Organization converted from a self-insured employee health plan to a traditional plan with an insurance company, as a cost saving measure. Outstanding self-insurance costs have been accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not yet reported.

Total reserves on the statement of financial position as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Workers' compensation	\$ 3,254,393	\$ 3,005,028
Contracts contingency	820,000	830,000
Employee health insurance	<u>19,921</u>	<u>19,921</u>
	4,094,314	3,854,949
Current portion	<u>( 534,652)</u>	<u>( 925,067)</u>
	<u>\$ 3,559,662</u>	<u>\$ 2,929,882</u>

**Note 19 - Concentration of Credit Risk**

The Organization maintains cash balances and money market accounts at various financial institutions, which are FDIC insured up to the limits allowed by law. At times such balances may exceed the insurance limit. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any significant credit risk related to cash.

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 20 – Retirement Plan**

Effective October 1, 2015, all employees with over 1,000 hours of service are covered by a 403b tax deferred annuity plan; previous to this date, only certain personnel employed as a result of a merger with another nonprofit organization in 2011 were covered. Employees are eligible to participate in the plan immediately, and are eligible for employer discretionary contributions after 24 months of service. Participants may elect to defer a percentage of their salaries, up to the amounts allowed by law. Employer contributions are at the discretion of the board of directors. For the year ended June 30, 2016, \$902,071 of employer contributions have been accrued as an expense.

**Note 21 - Subsequent Events**

Management has evaluated subsequent events through December 15, 2016, the date on which the financial statements were available to be issued.

Acquisitions:

**Above the Line** - Effective July 1, 2016, the Organization has acquired all of the assets and liabilities of Above the Line, a nonprofit organization providing foster care and adoption services in Aptos, California. The acquisition strengthened the continuum of services offered to children and families in Santa Cruz county. No consideration was transferred in the acquisition. The Organization acquired assets and assumed liabilities, recorded at their fair market values, as follows:

Cash	\$144,230
Accounts receivable	54,763
Deposits and other assets	6,195
Fixed assets	<u>808</u>
Total assets acquired	<u>\$205,996</u>
Accounts payable	\$ 29,616
Accrued liabilities	<u>26,063</u>
Total liabilities assumed	<u>\$ 55,679</u>

The fair market value of the receivables is equal to contract value, as all amounts at June 30, 2016 are considered collectible.

The Organization will record the excess value of the acquired assets over the liabilities assumed as contribution revenue on July 1, 2016.

**SENECA FAMILY OF AGENCIES**

**Notes to Consolidated Financial Statements**

**June 30, 2016 and 2015**

**Note 21 - Subsequent Events (continued)**

Acquisitions (continued):

**Family Life Center** - Effective January 1, 2017, the Organization will acquire all of the assets and liabilities of its affiliate Family Life Center. The Organization is in the process of valuing the assets and liabilities of Family Life Center.

Refinance of notes payable with bond financing:

In November 2016 the board of directors approved the issuance of tax exempt bonds not to exceed \$19,500,000 and sale of taxable bonds not to exceed \$16,000,000 for the purpose of refinancing prior indebtedness, funding of certain capital projects and the acquisition of additional real and personal property to further the Organization's mission. In December 2016, the approved Bond financing closed and as of December 15, 2016, \$2,902,031 of existing debt and closing costs has been refinanced into California Infrastructure and Economic Development Bank Tax-Exempt Revenue Bonds Series 2016A. The Organization will have until December 14, 2018 to roll its existing debt into the tax exempt revenue bonds as well as utilized the taxable bonds. Access to the taxable portion of the bonds will require bank approval and will be converted into tax exempt bonds provided all properties are tax exempt. Principal payments begin January 2019 including expected interest at 2.8% with final payment due December 2036.

## **Supplementary Information**



Seneca Family of Agencies

Schedule of Expenditures of Alameda County Grants

Year Ended June 30, 2016

Program Name	Behavioral Health Care Services
Procurement Contract Number	11649
Board P.O	7085
Exhibit Number (or Description)	900121
Contract Period	07/01/15-06/30/16
Contract Amount	\$ <u>21,071,973</u>
Expenses	
Salaries and PR benefits	\$ 15,609,177
Operating Expenses	2,177,465
Admin Allocation	<u>2,161,077</u>
Total Expenses	\$ <u>19,947,719</u>
Amount reimbursed by county	\$ <u>18,708,736</u>

SENECA FAMILY OF AGENCIES

Schedule of Expenditures of Federal and Nonfederal Awards

Year Ended June 30, 2016

Grantor / Program Title	Federal	Pass-Through	Expenditures		
	CFDA Number	Grantor's Number	Federal	Nonfederal	Total
Department of Health & Human Services:					
Foster Care Title IV-E	93.658		\$ 1,251,899	\$ 2,300,254	\$ 3,552,153
Pass-through - San Francisco Community College District	93.658		527,000	-	527,000
Pass-through - Alameda County, California	93.658		580,000	-	580,000
Pass-through - Solano County, California	93.658		105,207	-	105,207
Pass-through - Monterey County, California	93.658		96,800	-	96,800
Pass-through - Santa Clara County, California	93.658		14,000	-	14,000
Subtotal - Foster Care Title IV-E			2,574,906	2,300,254	4,875,160
Adoption Assistance	93.659		948,241	1,255,298	2,203,539
Family Connections	93.605		180,528	-	180,528
Pass-through - California Department of Education					
Child Development Division, State					
Preschool	93.596	CSPP-5021	19,874	-	19,874
Pass-through - California Department of Education					
Child Development Division, State					
Preschool	93.575	CSPP-5021	6,816	-	6,816
Pass-through - King County, Washington					
Child Abuse and Neglect	93.670	90CA1825-01-01	5,619	-	5,619
Pass-through - Sonoma County, California					
Promoting Safe and Stable Families	93.556	FYC-SFA-PSSF-1416	89,688	-	89,688
			3,825,672	3,555,552	7,381,224
Department of Education:					
Investing in Innovation (i3) Fund	84.411		1,076,959	-	1,076,959
Department of Justice:					
Pass-through - City and County of San Francisco					
Second Chance Act Reentry Initiative	16.812	946000455	15,376	-	15,376
Criminal and Juvenile Justice and Mental Health Collaboration	16.745	946000455	123,284	-	123,284
Pass-through - Sonoma County, California					
Keeping Kids in School	16.738	BSCC 608-14	417,019	-	417,019
			555,679	-	555,679
Department of Agriculture:					
Pass-through - California State Department of Agriculture					
National Breakfast Program	10.553	161309703	7,944	-	7,944
National Lunch Program	10.555	161309703	24,575	-	24,575
			32,519	-	32,519
Pass-through - California Department of Education:					
Child Development Division					
State Preschool		CSPP - 5021	-	56,284	56,284
			-	56,284	56,284
			\$ 5,490,829	\$ 3,611,836	\$ 9,102,665

See auditors' report.

See accompanying notes to schedule of expenditures of federal and nonfederal awards.

## **SENECA FAMILY OF AGENCIES**

### **Notes to Schedule of Expenditures of Federal and Nonfederal Awards**

**Year Ended June 30, 2016**

#### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and nonfederal awards includes the federal grant activity of Seneca Family of Agencies under programs of the federal government for the year ended June 30, 2016. 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). Because the schedule presents only a selected portion of the operations of Seneca Family of Agencies, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Seneca Family of Agencies.

#### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3 – Indirect Cost Rate**

Seneca Family of Agencies has elected to not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.



**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 Audit Committee of  
Seneca Family of Agencies

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 consolidated financial statements of Seneca Family of Agencies (a California non-profit public benefit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2016.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered Seneca Family of Agencies' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seneca Family of Agencies' internal control. Accordingly, we do not express an opinion on the effectiveness of the Seneca Family of Agencies' 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 entity'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 in governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Seneca Family of Agencies' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant

could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gilmore and Associates, CPA*

San Mateo, CA  
December 15, 2016



## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Audit Committee of  
Seneca Family of Agencies

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Seneca Family of Agencies' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Seneca Family of Agencies' major federal programs for the year ended June 30, 2016. Seneca Family of Agencies' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable programs.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of Seneca Family of Agencies' major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Seneca Family of Agencies' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Seneca Family of Agencies' compliance.

### **OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, Seneca Family of Agencies 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, 2016.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Seneca Family of Agencies is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Seneca Family of Agencies' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Seneca Family of Agencies' 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

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.

*Gilmore and Associates, CPA*  
San Mateo, CA  
December 15, 2016

**SENECA FAMILY OF AGENCIES**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2016**

**Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of Seneca Family of Agencies.
2. No significant deficiencies related to the audit of the financial statements are reported in the 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*.
3. No instances of non-compliance material to financial statements of Seneca Family of Agencies, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditors report on compliance for the major federal award programs for Seneca Family of Agencies expresses an unqualified auditors' report on all major programs.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) were identified.
7. The programs tested as major programs include:

CFDA #93.659 Adoption Assistance	\$948,241
CFDA #16.738 Keeping Kids in School	\$417,019
8. The dollar threshold used to distinguish between type A and type B programs is \$750,000.
9. Seneca Family of Agencies was determined to be a low-risk auditee.

**Financial Statement Findings**

No matters were reported.

**Findings and Questioned Costs – Major Federal Awards Program Audit**

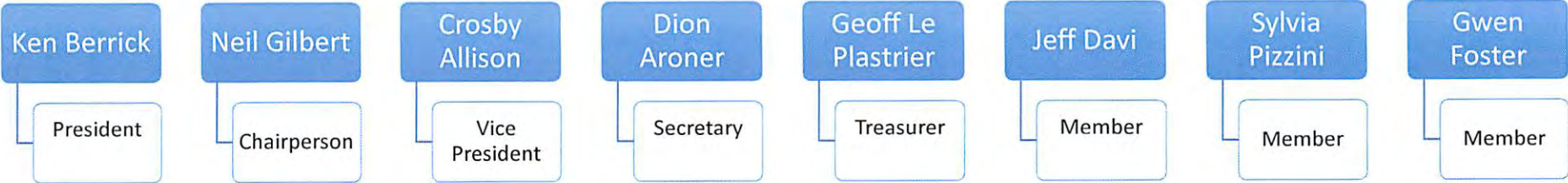
No matters were reported.



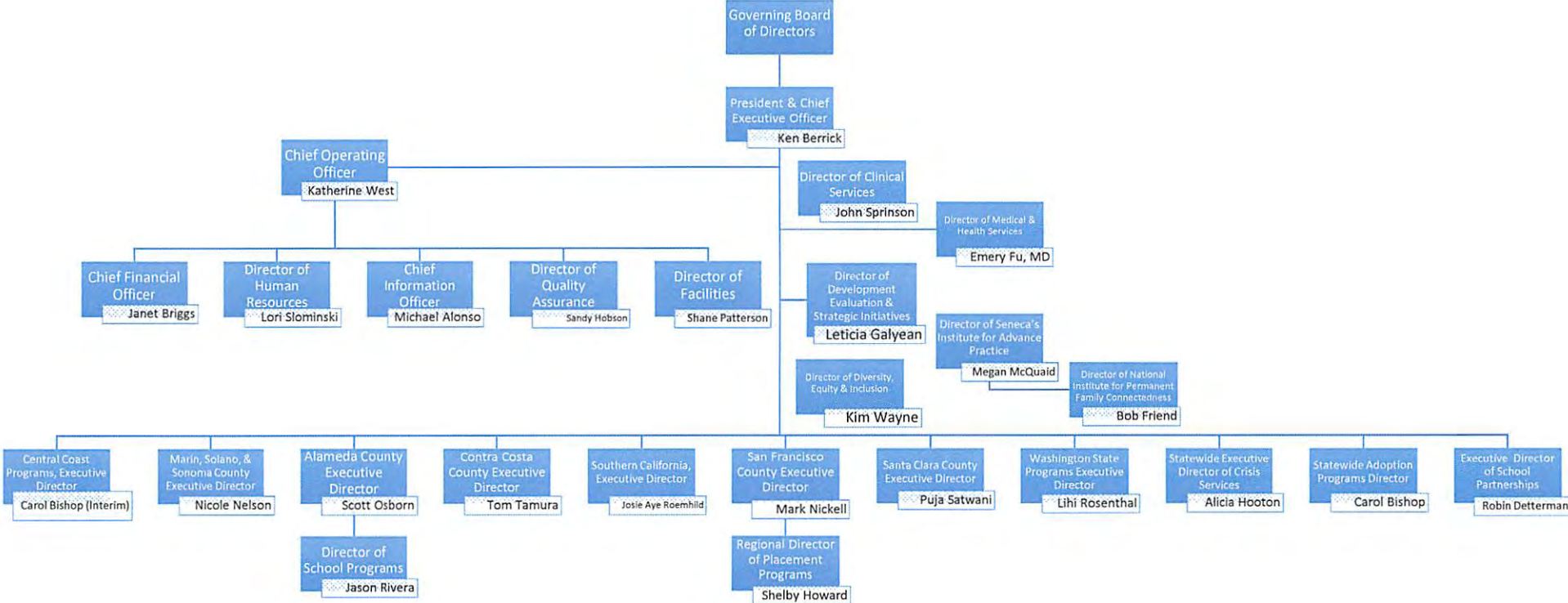
# **APPENDIX E**

## **Organization Chart**

Seneca Family of Agencies  
Board of Directors



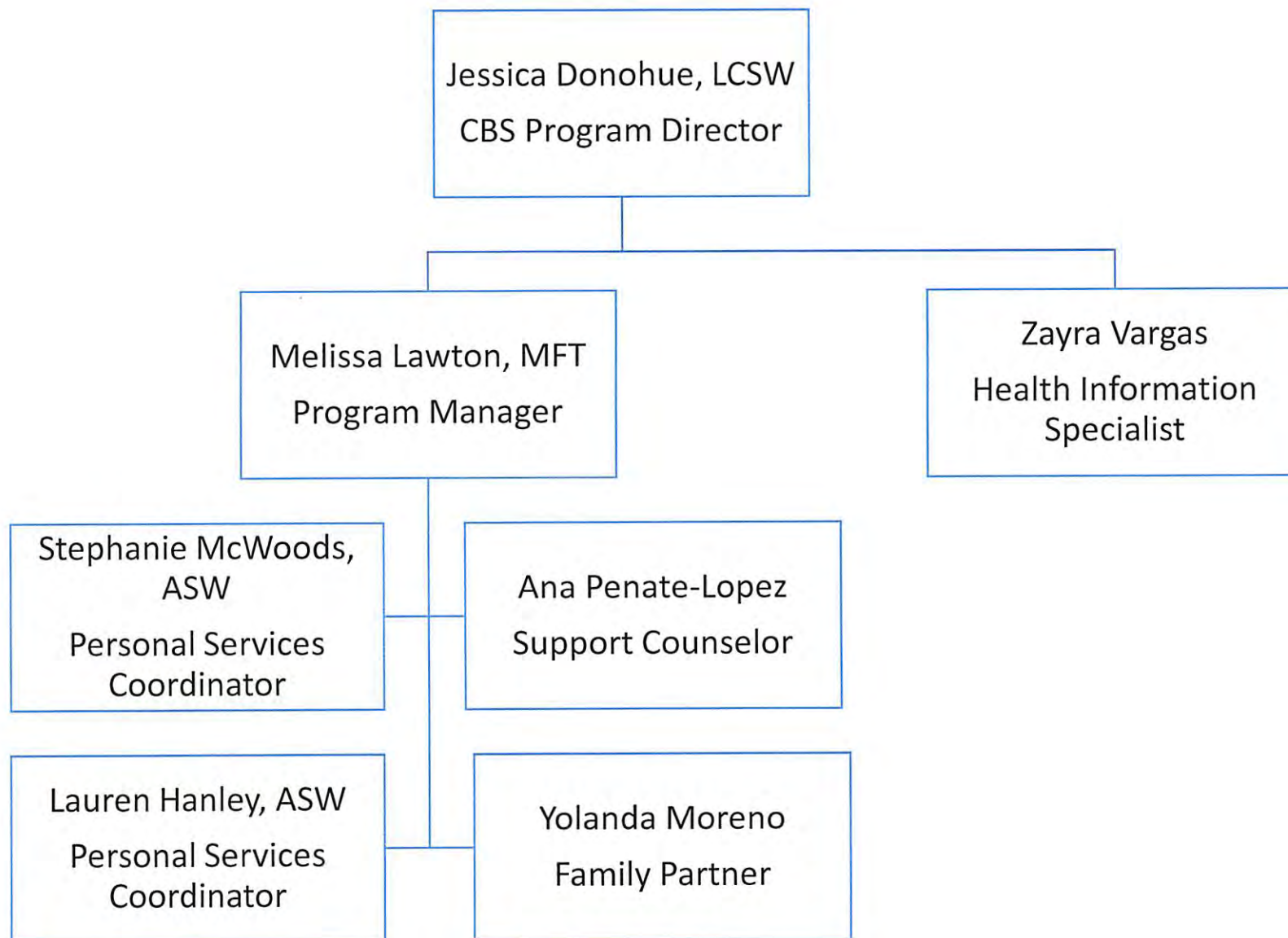
# Seneca Family of Agencies – Leadership



## Seneca Family of Agencies – Programs by Region

Central Coast & Santa Clara County Programs	Marin & Solano County Programs	Sonoma County Programs	Alameda County Programs	Contra Costa County Programs	Southern CA & Orange County Programs	San Francisco County Programs	All-In Education Programs
<ul style="list-style-type: none"> <li>•ITFC</li> <li>•Santa Clara SES</li> <li>•Santa Clara County Wraparound</li> <li>•Santa Clara AAP Connections</li> <li>•Santa Clara Outpatient Clinic</li> <li>•Santa Clara PLUS</li> <li>•Santa Clara TBS</li> <li>•Monterey County Family Ties</li> <li>•Monterey Children’s Behavioral Health Clinics</li> <li>•San Luis Obispo Children’s Mental Health Clinic &amp; Family Ties</li> <li>•Statewide Child Placement and Parent Support</li> </ul>	<ul style="list-style-type: none"> <li>•Solano County Wraparound</li> <li>•Solano Kinship Navigator</li> <li>•Solano TAY/IIH</li> <li>•Marin County Sustaining Families Wraparound</li> <li>•ITFC</li> <li>•Marin TBS</li> <li>•Solano TBS/IHBS</li> </ul>	<ul style="list-style-type: none"> <li>•Sonoma Family Permanence Collaborative</li> <li>•Sonoma TBS</li> </ul>	<ul style="list-style-type: none"> <li>•Multi-Systemic Therapy</li> <li>•Intensive Case Management</li> <li>•Therapeutic Behavioral Services</li> <li>•Willow Rock Center</li> <li>•James Baldwin Academy</li> <li>•MAC SELPA School Services</li> <li>•Building Blocks PreSchool</li> <li>•Oakland Public School Services</li> <li>•Berkeley Public School Services</li> <li>•Pathfinder Academy</li> <li>•Fremont Public School Services</li> <li>•STEP Irvington</li> </ul>	<ul style="list-style-type: none"> <li>•Contra Costa County Wraparound</li> <li>•START</li> <li>•Therapeutic Behavioral Services</li> <li>•Pleasant Hill Middle School</li> <li>•Olivera School</li> <li>•Catalyst Academy</li> <li>•Riverview Public School Services</li> <li>•MRT</li> <li>•STEP Olivera</li> </ul>	<ul style="list-style-type: none"> <li>•Child Placement &amp; Parent Support</li> <li>•Children’s Mental Health Clinics</li> <li>•Orange County Wraparound</li> <li>•Therapeutic Behavioral Services</li> <li>•Guided Animal Intervention Therapy</li> <li>•Family Finding</li> <li>•All-In! School Based Mental Health Services</li> </ul>	<ul style="list-style-type: none"> <li>•ITFC</li> <li>•AIIIM Higher</li> <li>•Permanency Initiative</li> <li>•Therapeutic Behavioral Services</li> <li>•Wraparound Intensive Stabilization Services (ISS)</li> <li>•YTS</li> </ul>	<ul style="list-style-type: none"> <li>•All-In East Bay Partnership</li> <li>•All-In South Bay Partnership</li> <li>•All-In Lighthouse Partnership</li> <li>•All-In Behavioral Interventions</li> <li>•San Francisco Partnerships</li> </ul>

**START**  
Staff Chart  
April 2017



# Mental Health Services Act (MHSA)

## Program and Fiscal Review

- I. **Name of Program:** Telecare – Hope House  
300 Ilene Street, Martinez, CA 94553
- II. **Review Team:** Stephanie Chenard, Betsy Orme, Warren Hayes
- III. **Date of On-site Review:** February 10 and 15, 2017  
**Date of Exit Meeting:** July 27, 2017
- IV. **Program Description:** Telecare Corporation operates Hope House, a voluntary, highly structured 16-bed Short-Term Crisis Residential Facility (CRF) for adults. Hope House serves individuals who require crisis support to avoid hospitalization, or are discharging from the hospital or long-term locked facilities, and need step-down care to transition back to community living. The focus is client-centered and recovery-focused, and underscores the concept of personal responsibility for the resident's illness and independence. The program supports a social rehabilitation model, which is designed to enhance an individual's social connection with family and community so that they can move back into the community and prevent a hospitalization. Services are recovery based, and tailored to the unique strengths of each individual resident. The program offers an environment where residents have the power to make decisions, are supported as they look at their own life experiences, set their own paths toward recovery, and work towards the fulfillment of their hopes and dreams. Telecare's program is designed to enhance client motivation to actively participate in treatment, provide clients with intensive assistance in accessing community resources, and assist clients develop strategies to maintain independent living in the community and improve their overall quality of life. The program's service design draws on evidence-based practices such as Wellness Action and Recovery Planning (WRAP), motivational interviewing, and integrated treatment for co-occurring disorders.
- V. **Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act (MHSA). Toward this end a comprehensive program and fiscal review was conducted of Telecare's Hope House Crisis Residential Program. The results of this review are contained herein, and will assist in a) improving the

services and supports that are provided; b) more efficiently support the County's MHSA Three Year Program and Expenditure Plan; and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this program in order to review past and current efforts, and plan for the future.

## VI. Summary of Findings.

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSA	Met	Services promote recovery, wellness and resiliency.
2. Serve the agreed upon target population.	Met	Residents meet target population.
3. Provide the services for which funding was allocated.	Met	All MHSA funds directly support approved crisis residential services.
4. Meet the needs of the community and/or population.	Met	Residents verify services meet their needs.
5. Serve the number of individuals that have been agreed upon.	Not Met	Hope House does not meet their target monthly census goal.
6. Achieve the outcomes that have been agreed upon.	Partially Met	Hope House is currently meeting several of its outcomes.
7. Quality Assurance	Partially Met	The County needs to assist in implementing Level 1 utilization review process.
8. Ensure protection of confidentiality of protected health information.	Met	The program is HIPAA compliant
9. Staffing sufficient for the program	Not Met	Staffing level not sufficient to support targeted service numbers
10. Annual independent fiscal audit performed.	Met	No audit findings were noted.

11. Fiscal resources sufficient to deliver and sustain the services	Met	Resources appear sufficient.
12. Oversight sufficient to comply with generally accepted accounting principles	Met	Experienced staff implements sound check and balance system.
13. Documentation sufficient to support invoices	Met	Uses established software program with appropriate supporting documentation protocol.
14. Documentation sufficient to support allowable expenditures	Met	Method of accounting for personnel time and operating costs appear to be supported.
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	No billings noted for previous fiscal year expenses.
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	Met	Methodology supports indirect rate of 16%.
17. Insurance policies sufficient to comply with contract	Met	Necessary insurance is in place
18. Effective communication between contract manager and contractor	Partially Met	County needs to solidify roles of Transition Team and contract manager to enable regular, coordinated program and contract communication.

**VII. Review Results.** The review covered the following areas:

**1. Deliver services according to the values of the Mental Health Services Act**

(California Code of Regulations Section 3320 – MHSA General Standards).

Does the program/plan element collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, be culturally competent, and be client and family driven.

**Method.** Consumer, family member and service provider interviews and consumer surveys.

**Discussion.** As part of the site visits 10 consumers were interviewed as a group, and additional input was obtained by 7 consumers who completed a written survey prior to the site visits. We also spoke to several different staff



members, including staff from the organization management team, program management staff, administrative staff, and line staff.

Survey Results:

Questions	Responses: n=7				
Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:	Strongly Agree 4	Agree 3	Disagree 2	Strongly Disagree 1	I don't know n/a
1. Help me improve my health and wellness.	Average score: 3.42 (n=7)				
2. Allow me to decide what my own strengths and needs	Average score: 3.14 (n=7)				
3. Work with me to determine the services that are most helpful	Average score: 2.86 (n=7)				
4. Provide services that are sensitive to my cultural background.	Average score: 2.8 (n=5)				
5. Provide services that are in my preferred language	Average score: 3.29 (n=7)				
6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.17 (n=6)				
7. Are open to my opinions as to how services should be provided	Average score: 2.86 (n=7)				
8. What does this program do well?	<ul style="list-style-type: none"> <li>• Helped with school</li> <li>• Non-judgmentally (sic)</li> <li>• Providing quality meals &amp; shelter</li> </ul>				
9. What does this program need to improve upon?	<ul style="list-style-type: none"> <li>• Help with housing</li> <li>• Expression of desires</li> <li>• Staff being interrupted by their cell phones while working with clients.</li> </ul>				
10. What needed services and supports are missing?	<ul style="list-style-type: none"> <li>• Housing</li> <li>• Transportation</li> <li>• Being treated with respect not like a problem. Staff doing things in a timely manner.</li> </ul>				

11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential?	Very Important 4	Important 3	Somewhat Important 2	Not Important 1
	Average score: 3.00 (n=4)			
12. Any additional comments?	<ul style="list-style-type: none"> <li>I really appreciate the help</li> </ul>			

### Consumer Interview

The resident consumer group interview was attended by approximately 10 consumers of mixed genders, ethnicities, and ages. The individuals interviewed had been staying at Hope House from a couple of days to a few weeks.

Overall, the interview participants were very appreciative of the services provided by Hope House and most reported that Hope House staff are very responsive to their needs. During the interviews, things that the residents specifically identified as positives of the program were:

- Feeling safe and secure
- Assistance with things like haircuts, new clothes/shoes, and other grooming and hygiene needs
- The schedule of classes and activities felt manageable – the residents did not feel rushed, or like they were forced to participate.
- The Hope House staff and County worked together to help create a safe support system
- The program helped some residents improve their relationships with their families.

These positives speak squarely to the MHSA values. However, there were also some areas identified by the residents for improvement. Some of these issues were:

- More time with the doctor who came to conduct assessments and evaluations
- More focused one-on-one time with staff
- A few residents noted that staff were often on their cell phones, which felt like a distraction
- More assistance with getting connected with County case managers
- Some of the resource materials made available were out of date.

Staff Interview:

Five program staff members were interviewed during the site visit. Staff shared that each of them have had some kind of personal background with mental illness and recovery in their lives, several of whom had been with Telecare in other capacities for a number of years. Most of the staff have specific roles (administration, medical, counseling, etc.) and shifts are staggered to ensure adequate coverage and support for residents 24/7. The residential counselors are trained in the Telecare curriculum to be able to offer the various classes. Staff also indicated that a portion of the classes and activities are driven by resident request.

**Results.** Hope House staff appear to implement services according to the values of the Mental Health Services Act.

2. **Serve the agreed upon target population.** For Community Services and Supports, does the program serve adults with a serious mental illness. Does the program serve the agreed upon target population (such as age group, underserved community).

**Method.** Compare the program description and/or service work plan with a random sampling of client charts or case files.

**Discussion.** As a matter of regular practice Hope House staff verify with County staff that all residents meet medical necessity, experience serious mental illness, and are in need of crisis stabilization. This referral and billing practice was matched by verifying observation of residents participating in the consumer group meeting.

**Results.** The program serves the agreed upon target population.

3. **Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon.

**Method.** Compare the service work plan or program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

**Discussion.** A review of the monthly report shows that the program appears to provide the number and type of services that have been agreed upon in the Service Work plan, and discussion with the staff and residents reveals that the program is providing a clear level of crisis stabilization services around medication support, basic living tasks, crisis mitigation techniques, and other intensive mental health services.

**Results.** Appropriate crisis residential services are provided by Hope House with appropriate intensive mental health specialty services for the residents.

4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed. Has the program been authorized by the Board of Supervisors as a result of a community program planning process. Is the program consistent with the MHSA Three Year Program and Expenditure Plan.

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

**Discussion.** These crisis residential services have been authorized by the Board of Supervisors after a community program planning process identifying crisis housing services as a priority need. Consumer interviews and surveys indicate that Hope House is meeting their needs.

**Results.** Hope House appears to be meeting the needs of the population for which it was designed.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years.

**Method.** Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

**Discussion.** Supporting documentation indicates that there are 16 possible beds open to the County. Due to the short-term nature of the program, the average census for each month can vary, however, the established census goal is a monthly average of 12. This allows them to be immediately responsive to consumers in high-need situations. In FY 15/16, Hope House achieved 11.25, and monthly and quarterly reports in the FY 16/17 indicate between 10 to 12. While Hope House often comes close to this outcome goal, they frequently do not meet this outcome. Hope House works with several programs for referrals, including the County Psychiatric Emergency Services, the County hospital inpatient psychiatric unit, other psychiatric hospitals in the Bay Area, and other community referrals. Discussions with several County departments and programs that have contact with Hope House revealed that there have been enough referrals from the County recently and there is demonstrated need for Hope House beds; enough to hit or exceed their goal census. However, Hope House's admission process has been slow and has delayed placements, often for several days. This may be due to recent staff turnover, as well as the referral/admission process itself. County staff from these departments have

indicated the necessity for greater flexibility and responsiveness in the Hope House admission process to more smoothly place consumers in high-need situations. County staff have also indicated a desire for more clarity and shared definitions on admission criteria for potential referrals.

**Results.** The program does not meet the target number of individuals that have been referred to their facility by Contra Costa County. It is recommended that Hope House work with the County on a process to streamline their admission process in order to be more responsive to the referrals in a timely manner.

*Please see Appendix A for Program Response*

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how has the outcomes been trending.

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Discussion.** Outcome goals are reported in terms of “MHSA Mandated Objectives” and “Contra Costa County Mandated Objectives.” The MHSA-specific objectives/outcomes for Hope House center on “supporting family members and significant others” as a key part of the treatment plan. To address this, Hope House welcomes family members into the treatment whenever possible. In FY 15/16, they worked with 154 resident’s families and facilitated 113 face-to-face sessions with family members at the facility. The program employed 2 Peer Counselors to help better serve this objective. They are presently on-track to meet goals for the current fiscal year.

Contra Costa Behavioral Health Services outcomes focus on 1) maintaining a monthly average census of at least 12 residents, and 2) an average length of stay of 14 days or less. Please see above discussion for the census topic. As for the average length of stay, Hope House reported for FY 15/16 an average stay of 18 days – higher than the stated outcome. However, at the time of the review, it was revealed that County Case Managers were having difficulties finding placements before the 30 day closing time period for the program.

Moreover, it was also disclosed that many consumers can benefit from a longer stay. In recent monthly reports, Hope House has indicated average lengths of stay being reduced down to 11 days, meeting this outcome measure.

**Results.** Hope House appears to be partially meeting the prescribed outcomes in the service agreement. It is recommended that the County revisit the Service Work Plan to adjust the 14 day stay outcome to better reflect the needs of the consumers. Recommendations for the census outcome have been previously noted.

*Please see Appendix A for Program Response*

7. **Quality Assurance.** How does the program assure quality of service provision.

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** CCBHS did not receive any grievances associated with Hope House's crisis residential program. The program has an internal grievance procedure in place, and clients receive information on how to file complaints as part of the agency's Notice of Privacy Practices. The program has not undergone a regular Level 1 utilization review conducted by the County Mental Health utilization review teams to ensure that program services and documentation meet regulatory standards. On October 13, 2016, a Level Two Centralized Utilization Chart Reviews and a Focused Review were conducted by County Mental Health on Hope House's charts. The results show that charts generally met documentation standards, but there were several compliance issues, including missing forms (consent for treatment, consumer guide, etc.), and other incomplete or incorrect forms that were identified in the review. There were several other findings related to disallowances for Initial Assessments that were not completed, illegible, improperly billed, or unclear on diagnosis. There were also significant disallowances based on Partnership Plans that were missing, incomplete, or not updated to accurately reflect a resident's length of stay. There were additional, smaller disallowances regarding a variety of issues with progress notes: missing progress notes, incomplete notes, not documenting billable services, mis-categorized notes, and other related issues. Hope House's Program Director submitted a Plan of Correction to the County November 26, 2016 indicating the new protocols for quality assurance, training, and increased communication with the County to address the issues in the Focused Review. The newly implemented processes were confirmed during the chart review process at the site visit by the review team.

Further, with the recent implementation of the DSM-V, the County Transition team has expressed that Hope House's clinical documentation frequently does not match the new DSM-V diagnostic criteria, which impacts the utilization review compliance for these charts.

**Results.** The program has a quality assurance process in place. However, it is recommended that the County's Transition Team work with Hope House to institute regular Level 1 reviews to ensure compliance criteria are communicated with the program. It is also recommended that Hope House work with the Transition Team to get current with DSM-V guidelines.

*Please see Appendix A for Program Response*

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol.

**Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the program's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** Hope House staff demonstrated their protocol as well as provided their written policy for protection of patient health information. All were in accordance with the HIPAA Business Associate service contract attachment.

**Results.** Hope House appears to be in compliance with HIPAA requirements.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support.

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Discussion.** Telecare has an organizational structure of filled positions indicating a sufficient number and type of staff to support their operations, and particularly for the Hope House program. The Program Director recently left, and the organization restructured the administrative configuration by hiring a Clinical Director to oversee the clinical programmatic portions, and the Program Administrator oversees the administrative and business duties. This restructuring and redefining of duties and roles seems to have streamlined Hope House's management process.

The experience level of the line staff appeared to range toward a more experienced level of mental health care. Telecare has a robust internal training program, and is still aiming to identify and address a variety of mental health issues in their training process. However, there were some areas of improvement that staff identified could help improve service offerings. This was mostly in the area of increasing bilingual staffing. There was at least one person who was bilingual in Spanish, but an additional staffer fluent in Spanish would be a benefit to their community, or someone fluent in an Asian language, such as Tagalog or Cantonese. Lastly, there was a desire expressed for possible consultation with a dietician to help more effectively plan meals for residents with specialty needs, such as diabetic or vegetarian meals.

It was noted, however, that there were no mental health clinical staff present during the staff interviews. The roster indicated 3 licensed, or license eligible clinicians, but none were present during the day of the site visit. It was later indicated that a short time after the site visit, two of these staff resigned, leaving only one clinician and the Clinical Director to conduct clinical duties. This may contribute to the delay in processing referral admissions as well as other programming. A written response dated May 22, 2017 from the Hope House management detailed a plan to help cover service gaps including engaging an outside agency to provide contract clinician time, as well as “borrowing” a clinician from another Telecare facility.

Moreover, interviews with County staff have revealed episodes where a few clients have experienced reactions to medications while at Hope House. Medication programs for consumers are normally prescribed through their normal system of care or hospital staff outside of Hope House; however, with more engaged monitoring from the licensed and clinical staff at Hope House, early indicators may possibly be identified more quickly and communicated promptly to County staff to reduce instances and severity of complications with medications.

**Results.** Staffing is not sufficiently in place to serve the number of clients outlined in the Service Work Plan. It is recommended that Hope House review its recruiting and retention practices to ensure adequate coverage of clinical staff. It is further recommended that the County work with Hope House to create a plan for stronger coordination of care for consumers’ medication regimens.

*Please see Appendix A for Program Response*



10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Discussion.** Audited financial statements for Telecare were reviewed for fiscal years ending 2014, 15 and 16. Telecare Corporation operates behavioral health treatment programs in ten states and several California counties under cost reimbursed and fee for service contracts, primarily with government agencies. The corporation has been steadily growing over the years, and it's totally owned subsidiary, TLC Behavioral Health and Psychology Corporation operates in California through a management agreement. The contract for operation of the Hope House is the only contract that Telecare has with Contra Costa County. The independent auditors did not any report any material or significant weaknesses.

**Results.** No audit findings were noted.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does the organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program or plan element.

**Method.** Review audited financial statements. Review Board of Directors meeting minutes. Interview fiscal manager of program.

**Discussion.** Telecare is an S Corporation that owns and issues significant stocks and stock options, has diversified resources, significant operating reserves, and a line of credit. Telecare is in the first year of a two year contract with CCBHS, and staff report that budgeted amounts for the two year period appear sufficient to cover operating expenses.

**Results.** Resources appear sufficient.

12. **Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles.

**Method.** Interview with fiscal manager of program.

**Discussion.** The Budget Manager and Senior Financial Analyst were both interviewed and described the processes that staff utilized to implement generally accepted accounting principles. Both have extensive experience managing accounting staff for organizations of this size. Supporting documentation to monthly invoicing depict appropriate time keeping documents for tracking staff time, proper allocation of operating costs, and segregation of duties.

**Results.** Experienced staff implements sound check and balance system.

13. **Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing.

**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program or plan element.

**Discussion.** Supporting documentation for a randomly selected monthly invoice for each of the last three years were provided and analyzed. Telecare utilizes Crystal Reports as the database for reconciling staff payroll. Staff budgeted as part-time to this contract and other contracts periodically reconcile and document actual time spent to ensure that only actual time is billed.

**Results.** Uses established software program with appropriate supporting documentation protocol.

14. **Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program or plan element.

**Method.** Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the county.

**Discussion.** Supporting documentation reviewed for monthly invoices appeared to support the method of allocating appropriate costs to agreed-upon budget line items.

**Results.** Method of accounting for personnel time and operating costs appear to be supported.

15. **Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program or plan element.

**Discussion.** The County Auditor's expense summaries for the last three fiscal years were reviewed. Expenses were allocated to the correct fiscal year, and close out appeared timely, as no expenditures surfaced after the County's closeout date.

**Results.** No billings noted for previous fiscal year expenses.

- 16. Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program or plan element.
- Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.
- Discussion.** Telecare produced its methodology that justifies the 16% indirect rate charged to the contract.
- Results.** Indirect rate justified as per OMB Circular A-122.
- 17. Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract.
- Method.** Review insurance policies.
- Discussion.** The program provided general liability insurance policies that were in effect at the time of the site visit.
- Results.** The program complies with the contract insurance requirements.
- 18. Effective communication between contract manager and contractor.** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.
- Method.** Interview contract manager and contractor staff.
- Discussion.** The County has multiple staff interacting with Hope House staff. This includes Adult Services management negotiating care, analysts to generate and process Hope House contracts and sign and forward submitted invoices, case managers to interact with Hope House staff regarding residents, the hospital or psychiatric emergency services to refer potential residents or to refer back for emergent care, County Public Works or Behavioral Health Services Purchasing to address facility maintenance and needs, County Housing Coordinators to attend to facility compliance issues, and MHSA staff performing program and fiscal reviews and issuing a report with finding and recommendations. This has resulted in challenges for Hope House staff when issues arise needing a timely, coordinated response with follow-up toward resolution.
- Results.** It is recommended that the County re-visit how it communicates with Hope House with the objective of strengthening the County's Transition team, and the contract manager roles as a central program and fiscal points of contact.

Please see Appendix A for Program Response

## **VIII. Summary of Results.**

Telecare's Hope House provides appropriate crisis residential services to adults challenged with serious mental illness. It is a voluntary service facility that is part of a large, national for profit organization consisting of a wide variety of mental health programs in several states. Staff and clients alike agree that service response is based on strength based psychosocial rehabilitation principles that promote recovery, wellness and resiliency. Staffing appears sufficient and qualified to meet self-prescribed service objectives. Support from Hope House's corporate and administrative headquarters appears sufficient to enable the program to focus on service delivery.

Issues for attention pertain to the communication with the County, and staff recruitment and retention.

## **IX. Findings for Further Attention.**

- The County's Transition Team should work with Hope House to institute regular Level 1 reviews to ensure compliance criteria are communicated with the program, and to get current with DSM-V guidelines.
- It is recommended that Hope House work on a process to streamline their admission process in order to be more responsive to the referrals in a timely manner.
- It is recommended that the County revisit the Service Work Plan to adjust the 14 day stay outcome to better reflect the needs of the consumers.
- It is recommended that Hope House review its recruiting and retention practices to ensure adequate coverage of clinical staff.
- It is further recommended that Hope House work with the County to create a plan for stronger coordination of care for consumers' medication regimens.
- The County should also strengthen the County's Transition team, and the contract manager roles as a central program and fiscal points of contact, as well as provide assistance and oversight for connectivity and transition to the County's adult system of care.

## **X. Next Review Date. February 2020**

## **XI. Appendices.**

Appendix A – Response from Program to Report

Appendix B – Program Description/Service Work Plan

Appendix C – Service Provider Budget

Appendix D – Yearly External Fiscal Audit

Appendix E – Organization Chart

## **XII. Working Documents that Support Findings.**

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

Progress Reports, Outcomes

Centralized Utilization Review Reports

Program's Response to UR Report

Monthly Invoices with Supporting Documentation

Indirect Cost Allocation Methodology/Plan

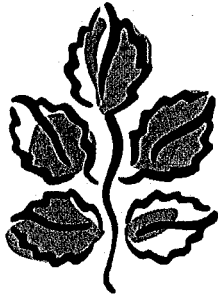
Board of Directors' Meeting Minutes

Insurance Policies

MHSA Three Year Plan and Update(s)

# **APPENDIX A**

## **Service Provider's Response to Report**



**TELECARE Hope House**

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**300 Ilene Street  
Martinez, CA 94553  
(925) 313-7980**

**TELECARE  
CORPORATION**

August 10<sup>th</sup>, 2017

Stephanie Chenard, MBA  
Analyst/ASA III, Mental Health Services Act  
MHSA Workforce Education and Training Coordinator  
Contra Costa Behavioral Health Services  
Mental Health Administration  
1340 Arnold Drive, Suite 200  
Martinez, CA 94553

Re: Plan of Correction for Hope House MHSA Program and Fiscal Review dated February 10 and 15, 2017

Dear Ms. Chenard,

Below is the plan of correction to the Hope House MHSA Program and Fiscal Review dated February 10 and 15, 2017.

Summary of Findings:

**Section 5. Serve the number of individuals that have been agreed upon.**

**Results.** The program does not meet the target number of individuals that have been referred to their facility by Contra Costa County. It is recommended that Hope House work with the County on a process to streamline their admission process in order to be more responsive to the referrals in a timely manner.

**Response:**

1. Hope House already started the process of streamlining our admission process. We have reduced response times to 2 hours during regular business hours upon receiving a hospital referral.
2. We are teaming with our County consultant on implementing a process by which our referral sources inform us of planned discharges with a 2-day advance notice; this will facilitate a “warm handoff” of our residents between agencies.

3. Hope House target number of individuals is dependent upon the number of referrals we receive. There have been extended periods in which we have had minimal referrals, resulting in a lower census. This may have impacted Hope House serving the target number of individuals that have been agreed upon.

#### **Section 6. Achieve the outcomes that have been agreed upon.**

**Results.** Hope House appears to be partially meeting the prescribed outcomes in the service agreement. It is recommended that the County revisit the Service Work Plan to adjust the 14 day stay outcome to better reflect the needs of the consumers. Recommendations for the census outcome have been previously noted.

#### **Response:**

1. Starting in January 2017, we have greatly reduced the length of stay of our residents. Over the past 6 months, we have been working closely with county case management agencies to facilitate a faster discharge process. This has resulted in the monthly average length of stay being reduced to 11 to 14 days over the past 6 months. We plan to continue this process to ensure timely discharges of our residents.
2. We are working with our county partners to revise the Hope House Service Plan to modify IX. Outcome Measures to state that the average length of stay will be 14 days, not to exceed 30 days.

#### **Section 7. Quality Assurance.**

**Results.** The program has a quality assurance process in place. However, it is recommended that the County's Transition Team work with Hope House to institute regular Level 1 reviews to ensure compliance criteria are communicated with the program. It is also recommended that Hope House work with the Transition Team to get current with DSM-V guidelines.

**Response:** We are currently working with the County's transition Team to institute regular Level 1 reviews to ensure that Hope House meets compliance criteria. The County implemented the new DSM-V guidelines on April 1, 2017; Hope House was not informed of these changes until June 15, 2017. Upon learning of the new DSM-V guidelines, we immediately implemented the changes in the documentation process. Hope House is current with all DSM-V guidelines.

#### **Section 9. Staffing sufficient for the program.**

**Results.** Staffing is not sufficiently in place to serve the number of clients outlined in the Service Work Plan. It is recommended that Hope House review its recruiting and retention practices to ensure adequate coverage of clinical staff. It is further recommended that the County work with Hope House to create a plan for stronger coordination of care for consumers' medication regimens.

#### **Response:**

1. From Hope House's perspective, we have had sufficient staffing in place to serve the number of clients outlined in the Service Work Plan. Residents report a very high level of satisfaction with the services provided by Hope House. Over the past year, the clinical team has consisted



of 2-3 clinicians, supervised and supported by the Clinical Director. There was a brief period between April and May, 2017 during which there was a single clinician working with the Clinical Director; the Clinical Director performed clinician duties as well as his regular duties, ensuring excellent quality of care for our residents. Hope House has since hired new clinicians to complete the clinical team.

2. Hope House follows all Telecare guidelines in recruiting and retaining staff. Telecare advertises on several major recruiting websites; in addition, the Clinical Director have attended several job fairs at local universities to recruit qualified clinicians. We have also utilized a social work temporary agency to fill one of the positions when we were short-staffed. Overall, we thoroughly vet our staff to ensure that our facilities maintain excellent quality of care.
3. Hope House is currently working on implementing a process by which our psychiatrist more closely works with psychiatrists from our local referral sources and case management teams. It must be noted that there was only one instance of a severe medication reaction from one resident, not several. This reflected a resident who was refusing abilify; her case management team was notified. After a week of refusing abilify, she started to become psychotic; she was sent to the CCRMC Emergency Department after having severe vertigo. It was only later discovered, after she had been assessed by both the Emergency Department as well as Psychiatric Emergency Services, that she also had high levels of lithium in her system, which may have compounded her psychosis after refusing her abilify. Hope House's first priority is to provide quality psychiatric and medical care for all our residents.

#### **Section 18. Effective communication between contract manager and contractor.**

**Results.** It is recommended that the County re-visit how it communicates with Hope House with the objective of strengthening the County's Transition team, and the contract manager roles as a central program and fiscal points of contact.

#### **Response:**

1. The Clinical Director of Hope House has been attending ongoing County meetings, such as the monthly System of Care meeting, to better coordinate communication and care of our residents. The Clinical Director also has multiple daily contacts with Betsy Orme, the supervisor of the Transition Team.
2. The Program Administrator of Hope House is now currently meeting monthly with the Adult/Older Adult Mental Health Program Chief to facilitate ongoing communication.

# APPENDIX B

## Program Description/Service Work Plan

### Telecare Corporation

Point of Contact: Clearnise Bullard, Program Administrator  
Jim Christopher, Clinical Director

Contact Information: 300 Ilene Street, Martinez, CA 94553, (925) 313-7980  
[cbullard@telecarecorp.com](mailto:cbullard@telecarecorp.com), [jchristopher@telecarecorp.com](mailto:jchristopher@telecarecorp.com)

#### **1. General Description of the Organization**

Telecare Corporation was established in 1965 in the belief that persons with mental illness are best able to achieve recovery through individualized services provided in the least restrictive setting possible. Today, they operate over 100 programs staffed by more than 2,500 employees in California, Oregon, Washington, Arizona, Nebraska, North Carolina, Texas, New Mexico and Pennsylvania and provide a broad continuum of services and supports, including Inpatient Acute Care, Inpatient Non-Acute/Sub-Acute Care, Crisis Services, Residential Services, Assertive Community Treatment (ACT) services, Case Management and Prevention services.

#### **2. Program: Hope House Crisis Residential Facility - CSS**

Telecare Corporation operates Hope House, a voluntary, highly structured 16-bed Short-Term Crisis Residential Facility (CRF) for adults between the ages of 18 and 59. Hope House serves individuals who require crisis support to avoid hospitalization, or are discharging from the hospital or long-term locked facilities and need step-down care to transition back to community living. The focus is client-centered and recovery-focused, and underscores the concept of personal responsibility for the resident's illness and independence. The program supports a social rehabilitation model, which is designed to enhance an individual's social connection with family and community so that they can move back into the community and prevent a hospitalization. Services are recovery based, and tailored to the unique strengths of each individual resident. The program offers an environment where residents have the power to make decisions and are supported as they look at their own life experiences, set their own paths toward recovery, and work towards the fulfillment of their hopes and dreams. Telecare's program is designed to enhance client motivation to actively participate in treatment, provide clients with intensive assistance in accessing community resources, and assist clients develop strategies to maintain independent living in the community and improve their overall quality of life. The program's service design draws on evidence-based practices such as Wellness Action and Recovery Planning (WRAP), motivational interviewing, and integrated treatment for co-occurring disorders.

a. Scope of Services:

- Individualized assessments, including, but not limited to, psychosocial skills, reported medical needs/health status, social supports, and current functional limitations within 72 hours of admission.
- Psychiatric assessment within 24 hours of admission.
- Treatment plan development with 72 hours of admission.
- Therapeutic individual and group counseling sessions on a daily basis to assist clients in developing skills that enable them to progress towards self-sufficiency and to reside in less intensive levels of care.
- Crisis intervention and management services designed to enable the client to cope with the crisis at hand, maintaining functioning status in the community, and prevent further decompensation or hospitalization.
- Medication support services, including provision of medications, as clinically appropriate, to all clients regardless of funding; individual and group education for consumers on the role of medication in their recovery plans, medication choices, risks, benefits, alternatives, side effects and how these can be managed; supervised self-administration of medication based on physician's order by licensed staff; medication follow-up visit by a psychiatrist at a frequency necessary to manage the acute symptoms to allow the client to safely stay at the Crisis Residential Program, and to prepare the client to transition to outpatient level of care upon discharge.
- Co-occurring capable interventions for substance use following a harm reduction modality in addition to weekly substance abuse group meetings as well as availability of weekly AA and NA meetings in the community.
- Weekly life skills groups offered to develop and enhance skills needed to manage supported independent and independent living in the community.
- A comprehensive weekly calendar of activities, including physical, recreational, social, artistic, therapeutic, spiritual, dual recovery, skills development and outings.
- Peer support services/groups offered weekly.
- Engagement of family in treatment, as appropriate.
- Assessments for involuntary hospitalization, when necessary.
- Discharge planning and assisting clients with successful linkage to community resources, such as outpatient mental health clinics, substance abuse treatment programs, housing, full service partnerships, physical health care, and benefits programs.
- Follow-up with client and their mental health service provider following discharge to ensure that appropriate linkage has been successful.
- Daily provision of meals and snacks for residents.
- Transportation to services and activities provided in the community, as well as medical and court appointments, if the resident's case manager or county worker is unavailable, as needed.

- b. Target Population: Adults ages 18 to 59 who require crisis support to avoid psychiatric hospitalization, or are discharging from the hospital or long-term locked facilities and need step-down care to transition back to community living.
- c. Payment Limit: FY 16/17: \$2,077,530.00
- d. Number served: Number to be served yearly: 200. Hope House served 193 clients in FY 15/16.
- e. Outcomes:
  - Reduction in severity of psychiatric symptoms: Discharge at least 90% of clients to a lower level of care.
  - Consumer Satisfaction: Maintain an overall client satisfaction score of at least 4.0 out of 5.0.

# **APPENDIX C**

## **Service Provider Budget**

**CONTRACTOR DETAILED BUDGET**

Telecare Corporation

Program Budget FY 2016-2017

Term: July 1, 2016 - June 30, 2017

CONTRACT # 24-712

Organization Name: Telecare Hope House Crisis Residential Center					
		<b>Proposed Budget</b>	<b>Cash Match/ In-kind Budget (if applicable)</b>	<b>Total Proposed Budget</b>	<b>Budget Justification</b>
<b>Personnel Costs</b>					
Regional Operations Director (\$155,389 @ .10FTE)		15,539		15,539	
Program Director (\$133,679 @ 1.0 FTE)		133,679		133,679	
Clinician (\$56,465 @ 3.20 FTE)		193,196		193,196	
LVN/LPT (\$50,296 @ 2.80 FTE)		140,828		140,828	
PSC III (\$56,987 @ 1.0 FTE)		56,987		56,987	
Residential Counselor (\$35,295 @ 7.0 FTE)		247,062		247,062	
Peer (\$32,216 @ 1.40 FTE)		45,103		45,103	
Clinical Director (\$94,560 @ 1.0 FTE)		88,230		88,230	
Business Office Manager/HR (\$70,344 @ 1.0 FTE)		70,344		70,344	
Clerk Typist (\$32,185 @ 1.0 FTE)		32,185		32,185	
<b>Total Salaries</b>		<b>1,023,153</b>	<b>-</b>	<b>1,023,153</b>	
Benefits @ 33%		337,593		337,593	
<b>Total Salaries and Benefits</b>		<b>1,360,745</b>	<b>-</b>	<b>1,360,745</b>	
<b>Operating Costs</b>					
Office Space		12		12	
Printing/Photocopies		3,000		3,000	
Supplies		14,596		14,596	
Postage/Communications		13,467		13,467	
Travel/Training		19,902		19,902	
Clinical Services		206,850		206,850	
Physical Plant		39,983		39,983	
Dietary Services		51,394		51,394	
Consultant		-		-	
General & Administrative		60,688		60,688	
Medical Records Services		1,075		1,075	
Depreciation		6,041		6,041	
Vehicle Lease		6,222		6,222	
Ancillary		7,000		7,000	
<b>Total Operating Costs</b>		<b>430,228</b>	<b>-</b>	<b>430,228</b>	
<b>Total Expenses</b>		<b>1,790,974</b>	<b>-</b>	<b>1,790,974</b>	
Indirect Costs @ 16%		286,556		286,556	
<b>Total Project Costs</b>		<b>2,077,530</b>	<b>-</b>	<b>2,077,530</b>	
<b>Projected Medi-Cal &amp; Medicaid Expansion</b>		<b>618,920</b>	<b>-</b>	<b>618,920</b>	
<b>Total County Cost</b>		<b>1,458,609</b>	<b>-</b>	<b>1,458,609</b>	

# **APPENDIX D**

## **Yearly External Fiscal Audit**

# **Telecare Corporation and Subsidiaries**

**Consolidated Financial Statements  
June 30, 2016 and 2015**





# Telecare Corporation and Subsidiaries

## Index

June 30, 2016 and 2015

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	Page(s)
<b>Independent Auditor's Report</b> .....	1-2
<b>Consolidated Financial Statements</b>	
Balance Sheets .....	3
Statements of Income and Comprehensive Income .....	4
Statements of Stockholders' Equity .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-19



## Independent Auditor's Report

To the Board of Directors  
of Telecare Corporation

We have audited the accompanying consolidated financial statements of Telecare Corporation and subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of income and comprehensive income, of stockholders' equity and of cash flows for the years then ended.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 the consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Telecare Corporation and subsidiaries at June 30, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Priscilla H. Capera LLP*

San Francisco, California  
September 22, 2016

**Telecare Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**June 30, 2016 and 2015**

*(in thousands of dollars except per share amounts)*

	2016	2015
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 11,217	\$ 9,928
Restricted cash	114	102
Accounts receivable, net of allowance for doubtful accounts of \$673 in 2016 and \$372 in 2015, respectively	35,565	29,828
Prepaid expenses and other current assets	2,545	2,082
Total current assets	49,441	41,940
Property and equipment, net	23,620	21,109
Other assets	7,318	7,215
Total assets	\$ 80,379	\$ 70,264
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 31,700	\$ 27,738
Current maturities of long-term debt	630	495
Contract advances	3,330	3,064
Total current liabilities	35,660	31,297
Long-term debt, net of current maturities	13,696	8,424
Other liabilities	13,102	12,856
Total liabilities	62,458	52,577
Commitments and contingencies (Notes 4 and 14)		
Stockholders' equity		
Common stock, no par value; 12,000,000 shares authorized; 2,003,127 and 2,025,057 shares issued and outstanding at June 30, 2016 and 2015, respectively	6,438	5,254
Retained earnings	12,176	12,963
Accumulated other comprehensive loss	(693)	(530)
Total stockholders' equity	17,921	17,687
Total liabilities and stockholders' equity	\$ 80,379	\$ 70,264

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

**Telecare Corporation and Subsidiaries**  
**Consolidated Statements of Income and Comprehensive Income**  
**Years Ended June 30, 2016 and 2015**

<i>(in thousands of dollars)</i>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Net patient service revenue	\$ 276,272	\$ 255,715
Provision for doubtful accounts	619	515
Net patient service revenue	<u>275,653</u>	<u>255,200</u>
less provision for doubtful accounts	<u>275,653</u>	<u>255,200</u>
<b>Costs and expenses</b>		
Patient care services	152,032	146,345
General and administrative	105,797	91,493
Rent	9,064	8,359
Depreciation and amortization	3,409	3,248
Interest	700	641
	<u>271,002</u>	<u>250,086</u>
Income from continuing operations before income taxes	4,651	5,114
Income tax expense	86	98
Income from continuing operations	<u>4,565</u>	<u>5,016</u>
Other comprehensive (loss) income		
Unrealized (loss) gain on interest rate swap	<u>(425)</u>	<u>373</u>
Comprehensive income	<u>\$ 4,140</u>	<u>\$ 5,389</u>

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

**Telecare Corporation and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
**Years Ended June 30, 2016 and 2015**

<i>(in thousands of dollars except per share amounts)</i>	Common Stock		Retained Earnings	Accumulated Comprehensive Income
	Shares Outstanding	Amount		
<b>Balances at June 30, 2014</b>	2,046,146	\$ 4,438	\$ 12,010	\$
Net income	-	-	5,016	-
Unrealized gain on interest rate swap	-	-	-	-
Vesting of 15,000 shares of restricted common stock	-	543	-	-
Issuance of common stock				
Vested	10,000	365	-	-
Restricted unvested	10,000	-	-	-
Exercise of stock options	39,000	540	-	-
Stock repurchase	(80,089)	(632)	(2,291)	-
Dividend distribution	-	-	(1,772)	-
<b>Balances at June 30, 2015</b>	<b>2,025,057</b>	<b>5,254</b>	<b>12,963</b>	
Net income	-	-	4,565	-
Unrealized loss on interest rate swap	-	-	-	-
Termination of interest rate swap	-	-	-	-
Vesting of 17,500 shares of restricted common stock	-	516	-	-
Issuance of common stock				
Vested	20,100	806	-	-
Restricted unvested	20,000	-	-	-
Exercise of stock options	27,764	448	-	-
Stock repurchase	(89,794)	(586)	(3,033)	-
Dividend distribution	-	-	(2,319)	-
<b>Balances at June 30, 2016</b>	<b>2,003,127</b>	<b>\$ 6,438</b>	<b>\$ 12,176</b>	<b>\$</b>

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

**Telecare Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2016 and 2015**

<i>(in thousands of dollars)</i>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 4,565	\$ 5,016
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,400	3,240
Amortization of debt issuance costs	9	8
Provision for doubtful accounts	619	515
Loss on disposal of property and equipment	479	10
Stock-based compensation expense	2,737	1,803
Changes in assets and liabilities		
Accounts receivable	(4,877)	(816)
Prepaid expenses and other current assets	(463)	691
Accounts payable and accrued liabilities	2,547	1,828
Contract advances	266	637
Other assets and liabilities	(29)	673
Net cash provided by operating activities	<u>9,253</u>	<u>13,605</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(6,390)	(5,749)
Change in restricted cash	(12)	10
Net cash used in investing activities	<u>(6,402)</u>	<u>(5,739)</u>
<b>Cash flows from financing activities</b>		
Net repurchase of stock	(3,171)	(2,383)
Dividend distribution to stockholders	(2,319)	(1,772)
Additional borrowings	9,748	-
Principal payments on debt	(5,820)	(465)
Net cash used in financing activities	<u>(1,562)</u>	<u>(4,620)</u>
Net increase in cash and cash equivalents	1,289	3,246
<b>Cash and cash equivalents</b>		
Beginning of year	<u>9,928</u>	<u>6,682</u>
End of year	<u>\$ 11,217</u>	<u>\$ 9,928</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest	\$ 708	\$ 640
Cash paid for income taxes	33	70
<b>Supplemental disclosure of noncash investing and financing activities</b>		
Asset acquisition financed with payable to seller	\$ 1,479	\$ 225

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

# Telecare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2016 and 2015

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*(in thousands of dollars except per share amounts)*

#### 1. Business and Organization

Telecare Corporation and subsidiaries (the "Company") operate behavioral health treatment programs in California, North Carolina, Oregon, Washington, Arizona and Nebraska under cost reimbursed and fee for service contracts primarily with governmental agencies. The Company also manages psychiatric units under contracts with acute care hospitals in California, New Mexico, Pennsylvania, Oklahoma, and Texas.

#### 2. Summary of Significant Accounting Policies

##### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Telecare Corporation, its wholly owned subsidiaries and TLC Behavioral Health and Psychology Corporation ("TLC"), an affiliated company in which Telecare has a long-term relationship through a Management Agreement. TLC is a professional organization that engages psychologists, psychiatrists and allied health professionals to provide professional services in the state of California. Telecare engages TLC under a professional services agreement to provide professional services to their programs. Telecare is TLC's sole customer.

Under a management service agreement, Telecare provides administrative and management support services to TLC. The management service agreement is permanent, subject only to the termination rights stated in the agreement. The management fee charged by Telecare to TLC is calculated based on the actual cost of the services provided.

TLC is a variable interest entity for which the Company is the primary beneficiary and, therefore, the results of TLC are consolidated with those of the Company. All significant intercompany accounts and transactions, including the management fee and professional services revenue, have been eliminated in consolidation. Patient care service expenses of TLC are presented in the accompanying statement of operations.

##### Use of 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 the 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.

##### Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments with an original maturity of three months or less at the time of purchase.

##### Restricted Cash

At June 30, 2016 and 2015, the Company maintained restricted cash balances of \$114 and \$102, respectively, which represents escrow amounts held at financial institutions designated for employee flexible spending accounts.



**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

*(in thousands of dollars except per share amounts)*

**Fair Value of Financial Instruments**

Fair value is defined as the exchange price that would be received for 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1      Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2      Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3      Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value investment.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded at net realizable value and do not bear interest. The allowance for doubtful accounts represents the Company's estimate of the amount of probable credit losses in existing accounts receivable. The Company reviews the allowance for doubtful accounts monthly and determines the allowance based on historical write-off experience. Past due balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when management believes it is probable the receivable will not be collected.

The following are the changes in the allowance for doubtful accounts during the years ended June 30:

	2016	2015
<b>Balances at beginning of year</b>	\$ 372	\$ 543
Additions	619	515
Write-offs	(318)	(686)
<b>Balances at end of year</b>	<u>\$ 673</u>	<u>\$ 372</u>

# Telecare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2016 and 2015

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*(in thousands of dollars except per share amounts)*

#### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables and cash and cash equivalents. The Company performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral. The Company maintains an allowance for doubtful accounts to provide for potential credit losses.

For the years ended June 30, 2016 and 2015, two government entities accounted for approximately 29% and 31% of the Company's consolidated revenue, respectively. At June 30, 2016, one government entity accounted for approximately 16% of the Company's gross accounts receivable. At June 30, 2015, two government entities accounting for approximately 23% of the Company's gross accounts receivable. No other single customer accounted for 10% or more of the Company's consolidated revenue or accounts receivable as of or for the years ended June 30, 2016 and 2015.

At times, the Company maintains cash deposits in excess of the United States Federal Deposit Insurance Corporation coverage of \$250,000 in an institution, but does not expect any losses due to the financial stability of these financial institutions.

#### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful life of the improvements, whichever is shorter. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

The estimated useful lives of depreciable asset classifications are:

Building and improvements	5–30 years
Furniture and fixtures	3–10 years
Equipment	3–10 years
Vehicles	3–5 years

#### **Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment charge was recognized for the years ended June 30, 2016 and 2015.

#### **Contract Advances**

Contract advances represent both payments received in excess of net allowable reimbursement under contracts with certain government agencies and payments received in advance that are expected to be recognized as revenue in future periods.

# Telecare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2016 and 2015

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*(in thousands of dollars except per share amounts)*

#### **Derivatives**

The Company has engaged in interest rate swap contracts which are derivative instruments recognized on the balance sheet at settlement value (Note 5 and 7). The Company has designated the interest rate swap contracts as cash flow hedges and accounts for them using the simplified hedge accounting approach. The interest rate swap liability is presented as a component of other liabilities on the accompanying balance sheet and amounted to \$693 and \$530 at June 30, 2016 and 2015, respectively. Changes in the settlement value of the interest swaps are recorded to other comprehensive income (loss).

#### **Net Patient Service Revenue**

Net patient service revenue is reported at the estimated net realizable amounts. The Company has agreements with third-party payors that provide for reimbursement to the Company at contracted rates. Final determination of amounts reimbursable by third-party payors is subject to audits by the payors. Adequate provisions have been made for any adjustment that may result from such audits. Differences between estimated provisions and final settlements are applied to revenue in the period final settlements are determined.

#### **Income Taxes**

As described in Note 8, the Company elected S corporation status for both federal and state tax purposes, effective July 1, 2005. Pursuant to this election, the Company's income, deductions, and credits are reported on the individual shareholders' income tax returns for federal and state purposes. Accordingly, no provision for federal income taxes has been made for the years ended June 30, 2016 and 2015. California assesses a corporate level income tax on S corporations which is included in the 2016 and 2015 tax provision.

The U.S. GAAP standard for unrecognized tax benefits requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company establishes a reserve for the tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Company believes that certain positions might be challenged despite the Company's belief that the tax return positions are fully supportable. The reserves are adjusted in light of changing facts and circumstances, such as the outcome of a tax audit. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses.

#### **Stock-based Compensation**

The Company has stock-based compensation plans available to grant stock options, stock appreciation rights, restricted common stock and restricted common stock units to key employees as described in Notes 9 and 11. Share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the service period (generally the vesting period of the award).

#### **Comprehensive Income**

The Company reports comprehensive income, which includes net income plus other comprehensive income, which for the Company consists of unrealized gain or loss on its interest rate swaps.

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

(in thousands of dollars except per share amounts)

**Recently Adopted Accounting Pronouncements**

In January 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-03, *Derivatives and Hedging*, for nonpublic companies to have the option to use a simplified hedge accounting approach to account for swaps that are entered into for the purpose of economically converting a variable-rate borrowing into a fixed-rate borrowing. The simplified hedge accounting approach provides nonpublic companies with a practical expedient to qualify for cash flow hedge accounting based on certain criteria being met. Under the simplified hedge accounting approach, a nonpublic company has the option to measure the designated swap at settlement value instead of fair value. The Company early adopted this standard for the year ended June 30, 2015 and elected to use the full retrospective approach. There was no impact on the consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall Recognition and Measurement of Financial Assets and Liabilities*, which impacts the recognition and measurement of equity instruments, liabilities under the fair value option and the presentation and disclosure of financial instruments. The guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted for the omission of fair value disclosures for financial instruments reported at amortized cost. The Company early adopted this standard for the year ended June 30, 2016, but is still in the process of assessing the impact of the remaining provisions in the financial statements.

**3. Property and Equipment**

Property and equipment consists of the following at June 30:

	<b>2016</b>	<b>2015</b>
Land	\$ 4,496	\$ 3,193
Buildings and improvements	29,583	29,308
Furniture and fixtures	2,089	2,329
Equipment	17,856	17,919
Vehicles	91	91
	<u>54,115</u>	<u>52,840</u>
Less: Accumulated depreciation and amortization	<u>(35,655)</u>	<u>(34,777)</u>
	18,460	18,063
Capital projects in progress	<u>5,160</u>	<u>3,046</u>
Property and equipment, net	<u>\$ 23,620</u>	<u>\$ 21,109</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was \$3,400 and \$3,240, respectively.

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

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*(in thousands of dollars except per share amounts)*

**4. Commitments**

**Operating Leases**

The Company's administrative offices, the majority of its operating facilities, and a portion of its equipment are leased under non-cancelable operating leases which expire at various dates through 2036.

Future minimum annual lease payments required under non-cancelable operating leases as of June 30, 2016 are as follows:

<b>Years Ending</b>	
2017	\$ 7,674
2018	6,141
2019	4,777
2020	3,461
2021	637
Thereafter	1,143
	<hr/>
	\$ 23,833

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

(in thousands of dollars except per share amounts)

**5. Long-term Debt**

Long-term debt consists of the following at June 30:

	2016	2015
Bank note payable at 30 day LIBOR (to be no less than 2.0% plus 2.1% (4.10% at June 30, 2016), collateralized by the property located in the County of Multnomah, Oregon; principal payments of \$4 plus interest are due monthly with the remaining balance due December 2023, as amended.	\$ 857	\$ 906
Bank note payable at 30 day LIBOR plus 1.91%, collateralized by property located in Oakland, County of Alameda, California. The remaining balance was paid in full in December 2015.	-	5,401
Bank note payable at 30 day LIBOR plus 2.0% (2.46% at June 30, 2016), effective interest rate swap at a fixed rate at 4.0% collateralized by property located in Oakland, County of Alameda, California; principal and interest payments of \$50 are due monthly with the remaining balance due December 2022.	8,138	-
Bank note payable at 30 day LIBOR plus 2.0% (2.46% at June 30, 2016), effective interest rate swap at a fixed rate at 7.03% collateralized by property located in Oakland, County of Alameda, California; principal and interest payments of \$23 are due monthly with the remaining balance due June 2018.	2,273	2,389
Note payable collateralized by property located in Portland, County of Multnomah, Oregon; no principal or interest payments are due monthly and the note is due in a prorated amount if called upon by demand prior to October 2044.	213	223
Note payable collateralized by property located in Federal Way, County of King, Washington; no principal or interest payments are due monthly and the note is due in a prorated amount if called upon by demand prior to April 2037.	1,479	-
Subordinated notes payable to retirees; principal and interest payments of \$50 including simple interest at the rate of 1.85% per annum are due quarterly with the remaining balance due July 2023.	1,366	-
Total long-term debt	14,326	8,919
Less: Current maturities of long-term debt	(630)	(495)
Long-term debt, net of current maturities	\$ 13,696	\$ 8,424

In December 2015, the Company refinanced a bank note payable with the outstanding balance of \$5,401 at June 30, 2015 with a new note payable in the amount of \$8,250. As part of this refinance, the Company terminated its interest rate swap contract attached to the refinanced note payable. The termination of the swap contract resulted in a \$116 charge to interest expense during 2016.

The use of floating rate debt exposes the Company to fluctuations in market interest changes creating volatility in interest charges and cash flows. Accordingly, the Company manages a portion of its interest rate risk related to floating rate debt by entering into interest rate swaps in which the Company collects floating rate payments and disburses fixed rate payments.

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

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*(in thousands of dollars except per share amounts)*

In June 2009, the Company entered into an interest rate swap contract with a financial institution to limit its exposure from interest rate volatility by converting variable rate debt to an all-in fixed rate of 7.03%. The interest rate swap contract notional principal amount was \$2,273 and \$2,389 at June 30, 2016 and 2015, respectively. Total swap liability associated with this swap was \$195 and \$268 at June 30, 2016 and 2015, respectively.

In December 2015, the Company entered into an interest rate swap contract with a financial institution to limit its exposure from interest rate volatility by converting variable rate debt to an all-in fixed rate of 4.0%. The interest rate swap contract notional principal amount was \$8,138 at June 30, 2016. Total swap liability associated with this swap was \$498 at June 30, 2016.

As of June 30, 2016, the Company estimates that none of the net derivative losses related to its cash flow hedges included in accumulated other comprehensive income will be reclassified into earnings within the next twelve months.

The Company has a revolving credit agreement which provides for borrowings up to \$15,000 on a revolving basis with interest at the bank's 30 day LIBOR plus 2.5% (2.96% at June 30, 2016), collateralized by accounts receivable and machinery and equipment. There were standby letters of credit issued under the revolving credit agreement as required by the Company's workers' compensation insurance carrier and in connection with security deposits for lease agreements in the amount of \$4,548 and \$4,448 at June 30, 2016 and 2015, respectively. At June 30, 2016 and 2015, the Company had no outstanding borrowings under this agreement.

The Company has an additional revolving credit agreement which provides for borrowings of up to \$3,120 with interest at the bank's 30 day LIBOR plus 2.5% (2.96% at June 30, 2016), collateralized by property located in Oakland, California. At the Company's option, it may convert any portion of advances made under this agreement to a 48 month term loan with interest at the bank's prime rate less 0.25%, the 30 day LIBOR rate plus 2.5%, or a fixed rate at the conversion date equal to 2.5% above the cost of funds rate determined by the bank. At June 30, 2016 and 2015, the Company had no outstanding borrowings under this agreement.

The Company has certain credit agreements which contain various restrictive covenants, which include maximum levels of debt to net worth, maximum credit extensions and minimum cash flow coverage, as defined. As of June 30, 2016, management believes that the Company was in compliance with such covenants.

Scheduled principal repayments on long-term debt are as follows:

<b>Years Ending June 30,</b>	
2017	\$ 630
2018	2,670
2019	536
2020	552
2021	568
Thereafter	<u>9,370</u>
	<u>\$ 14,326</u>

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

(in thousands of dollars except per share amounts)

**6. Other Liabilities**

Other liabilities consist of the following at June 30:

	2016	2015
Deferred compensation	\$ 6,897	\$ 7,038
Long-term workers compensation liability	5,063	5,020
Interest rate swap liabilities	693	530
Other	449	268
	<u>\$ 13,102</u>	<u>\$ 12,856</u>

**7. Fair Value of Financial Instruments**

**Disclosures on Fair Value**

At June 30, 2016 and 2015, the carrying values of the Company's accounts receivable, other current assets, accounts payable and accrued liabilities, contract advances and long-term debt approximate fair value based on management's estimates of terms and conditions of the assets or liabilities.

**Carried at Fair Value**

As of June 30, 2016, the Company's assets measured at fair value on a recurring basis were as follows:

	At Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Deferred compensation investments	\$ 6,897	\$ -	\$ -	\$ 6,897

The Company also carries deferred compensation plans for certain key employees, for which investment assets are recorded on the basis of fair value (Note 10).

**8. Income Taxes**

On September 12, 2005, the Company filed an election to change its tax status from a C corporation to an S corporation, effective July 1, 2005. Pursuant to this election, for fiscal years 2006 and beyond, the Company's income, deductions and credits will be reported in the individual income tax returns of its stockholders. California assesses a corporate level income tax on S corporations and, therefore, the Company will remain subject to California state taxes at a maximum rate of 1.5%, which for the Company amounted to \$86 and \$98 for continuing operations for the years ended June 30, 2016 and 2015, respectively.



# Telecare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2016 and 2015

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*(in thousands of dollars except per share amounts)*

As a result of the change from C corporation to S corporation tax status, the Company may be subject to a federal and state corporate-level tax on the net unrealized built-in gain recognized for tax purposes during the 10-year period after the election. The net unrealized built-in gain is the amount by which, in the aggregate, the fair market values of the corporation's assets exceed their tax bases at the date of election (July 1, 2005). Recognized built-in gain is the excess of proceeds over disposition-date tax basis on the disposition of any asset, recognized for tax purposes during the 10-year period after the election, unless the Company establishes that the asset was not held on the date of election or that the gain, or a portion thereof, is attributable to appreciation that occurred after that date. Thus, the built-in gain recognized for any asset will be limited to the unrealized built-in gain which existed for those assets at the conversion date. Since the Company does not plan to dispose of any properties subject to built in gains that would result in taxable obligations by the Company, no liability has been established.

The Company files U.S. state tax returns in jurisdictions with varying statutes of limitations. In the normal course of business, the Company is subject to examination by taxing authorities throughout the states in which the Company operates. These audits include questioning the timing and amount of deduction, the nexus of income among various tax jurisdictions and compliance with state and local tax laws. The Company is not currently under any examination by the U.S. state tax authorities. With few exceptions, the Company is not subject to examination by state tax authorities for tax years before 2010. As of June 30, 2016 and 2015, the Company did not have any unrecognized tax benefits that if recognized would impact the annual effective tax rate. During the years ended June 30, 2016 and 2015, the Company did not recognize any interest or penalties related to unrecognized tax benefits.

#### **9. Employee Incentive Plans**

##### **Stock Appreciation Rights**

In July 2006, the Company adopted the Telecare Corporation Stock Appreciation Rights Plan (the "SAR Plan"). Awards under the SAR Plan may be granted to officers, directors, and employees of the Company, vest over five years, and expire in ten years. Awards may be surrendered by the grantee for a cash payment or, at the Company's option, shares of its common stock, equal in value to the number of units surrendered times the increase in the fair market value per share of the Company's common stock from the grant date to the surrender date.

The SAR Plan is liability classified, and as of June 30, 2016 and 2015, the liability amounted to \$3,937 and \$3,886, respectively, which has been presented as a component of accounts payable and accrued liabilities on the balance sheet. In July 2010, the Company's board of directors increased the number of SARs authorized for issuance to 400,000.

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

*(in thousands of dollars except per share amounts)*

A summary of SARs activity under the SAR Plan as of June 30, 2016 and 2015, and changes during the years then ended are presented below:

	Units	Weighted Average Unit Base
<b>Outstanding at June 30, 2014</b>	268,100	\$ 23.09
Granted	34,800	36.50
Forfeited	(12,200)	(30.78)
Surrendered	(3,750)	(26.48)
<b>Outstanding at June 30, 2015</b>	286,950	25.14
Granted	35,000	40.30
Exercised	(85,500)	(22.68)
Surrendered	(6,300)	(27.77)
<b>Outstanding at June 30, 2016</b>	230,150	\$ 27.67
<b>SARs vested at June 30, 2016</b>	137,500	\$ 23.62

The Company recorded stock compensation expense of \$1,415 and \$895 related to the SAR Plan for the years ended June 30, 2016 and 2015, respectively.

**Stock Option Plan**

The Company offers options to key employees to purchase shares of its common stock through a nonqualified stock option plan ("the Plan"). Options granted under the Plan are protected against dilution by stock splits and other changes in capitalization. Vesting in stock options occurs ratably over five years. Stock options expire after ten years. The Plan allows participants to purchase shares of the Company's common stock at prices equal to the fair market value of the Company's stock at the date of the option's grant. The number of shares authorized for issuance under the Plan is 590,000. All authorized shares have been granted and no shares remain outstanding as of June 30, 2016. As of June 30, 2015, 27,764 shares were outstanding with a weighted-average exercise price of \$16.15.

Under the Plan, the Board of Directors of the Company may allow all or any part of the exercise price to be paid in cash, by issuance of a full-recourse loan or by surrendering common stock owned by the employee. In addition, upon request by the employee and at the discretion of the Board of Directors, the Company may purchase common stock from employees who acquired such stock by exercising stock option grants. During the years ended June 30, 2016 and 2015, the Company purchased 27,764 and 39,000 shares, respectively, of common stock for \$1,119 and \$1,424, respectively, pursuant to these provisions.

**10. Employee Benefit Plans**

The Telecare Employee Stock Ownership Plan ("ESOP"), created in 1997, is an employee noncontributory stock bonus plan under section 401(a) of the Internal Revenue Code ("IRC") and an employee stock ownership plan under IRC Section 4975 (e)(7). Employees who are at least 21 years of age, have completed one year of service and are not subject to a collective bargaining agreement are generally eligible to participate in the ESOP.

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

*(in thousands of dollars except per share amounts)*

The Company makes discretionary ESOP contributions which are allocated to the accounts of eligible employees based on employee compensation. The Company made contributions of \$750 and \$650 for each of the years ended June 30, 2016 and 2015, respectively, as authorized by the Board of Directors. At June 30, 2016 and 2015, the ESOP owned 741,944 and 765,390 shares of common stock of the Company, respectively.

Upon termination or retirement, ESOP participants receive a distribution of their account balances in cash. The distribution is made prior to the last day of the plan year following the plan year in which employment ends. At June 30, 2016, the fair market value of the common stock of the Company owned by the ESOP was estimated to be \$47.20 per share.

The Company also sponsors the Telecare Corporation 401(k) Savings Plan and a nonqualified deferred compensation plan for certain key employees. As of July 1, 2005, the 401(k) plan became a safe harbor plan under which the Company automatically contributes 3% of wages to eligible employees not covered under a collective bargaining agreement. There are no contributions required for the nonqualified deferred compensation plan. The Company also makes contributions to two qualified defined contribution plans for eligible union employees as defined in the union agreements. The assets of the nonqualified deferred compensation plan are held by the Company and are recorded within other assets on the basis of fair value of \$6,641 and \$6,782, as of June 30, 2016 and 2015, respectively, and a cash balance recorded within cash and cash equivalents of \$256 and \$256, respectively. The assets are held for trading purposes and stated at fair value. These assets are offset with a corresponding liability within other liabilities of \$6,897 and \$7,038, as of June 30, 2016 and 2015, respectively. Net realized gains and losses on investment transactions are determined on the specific identification method.

**11. Related Party Transactions**

**Stock Grant**

The Company granted shares of common stock to an executive under the 2009 Stock Incentive Plan ("Stock Incentive Plan") as presented below:

Year Ended June 30,	Shares Granted	Shares Immediately Vested Upon Grant	Shares Vested
2012	40,000	20,000	-
2013	40,000	20,000	5,000
2014	40,000	20,000	10,000
2015	20,000	10,000	15,000
2016	40,000	20,000	17,500
	180,000	90,000	47,500

**Telecare Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2016 and 2015**

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*(in thousands of dollars except per share amounts)*

Unvested shares are restricted and held in escrow by the Company and will vest as follows:

<b>Year Ending June 30,</b>	
2017	17,500
2018	12,500
2019	7,500
2020	5,000
	<hr/>
	42,500
	<hr/>

The grantee retains the voting rights to both the vested and unvested shares.

In connection with the above stock grants, the Company recorded \$1,322 and \$908 of stock compensation expense during the years ended June 30, 2016 and 2015, respectively.

**12. Professional Liability**

Professional liability insurance coverage is maintained under a claims-made policy, which is renewable on an annual basis. It is management's belief that the Company will be able to renew or replace current levels of insurance coverage. It is the Company's policy to accrue for material loss contingencies relating to asserted and unasserted medical malpractice claims in the period in which they are determined to be probable and can be estimated. Management believes that settlement of such claims will not have a material adverse effect upon the financial condition or results of operations of the Company.

**13. Workers Compensation Liability**

The Company maintains workers' compensation insurance under a policy with a deductible limit of \$250 per claim. As of June 2016 and 2015, management has accrued approximately \$7,162 and \$6,845, respectively, related to workers' compensation claims expected to be settled in future years, which is included in the accompanying consolidated financial statements as accounts payable and accrued liabilities for short-term liability of \$2,099 and \$1,825, as of June 30, 2016 and 2015, respectively, and other liabilities for long-term liability of \$5,063 and \$5,020, respectively.

**14. Litigation**

The Company is involved in various claims and legal actions arising in the ordinary course of business. The ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

**15. Subsequent Events**

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 22, 2016, the date the financial statements were available to be issued.

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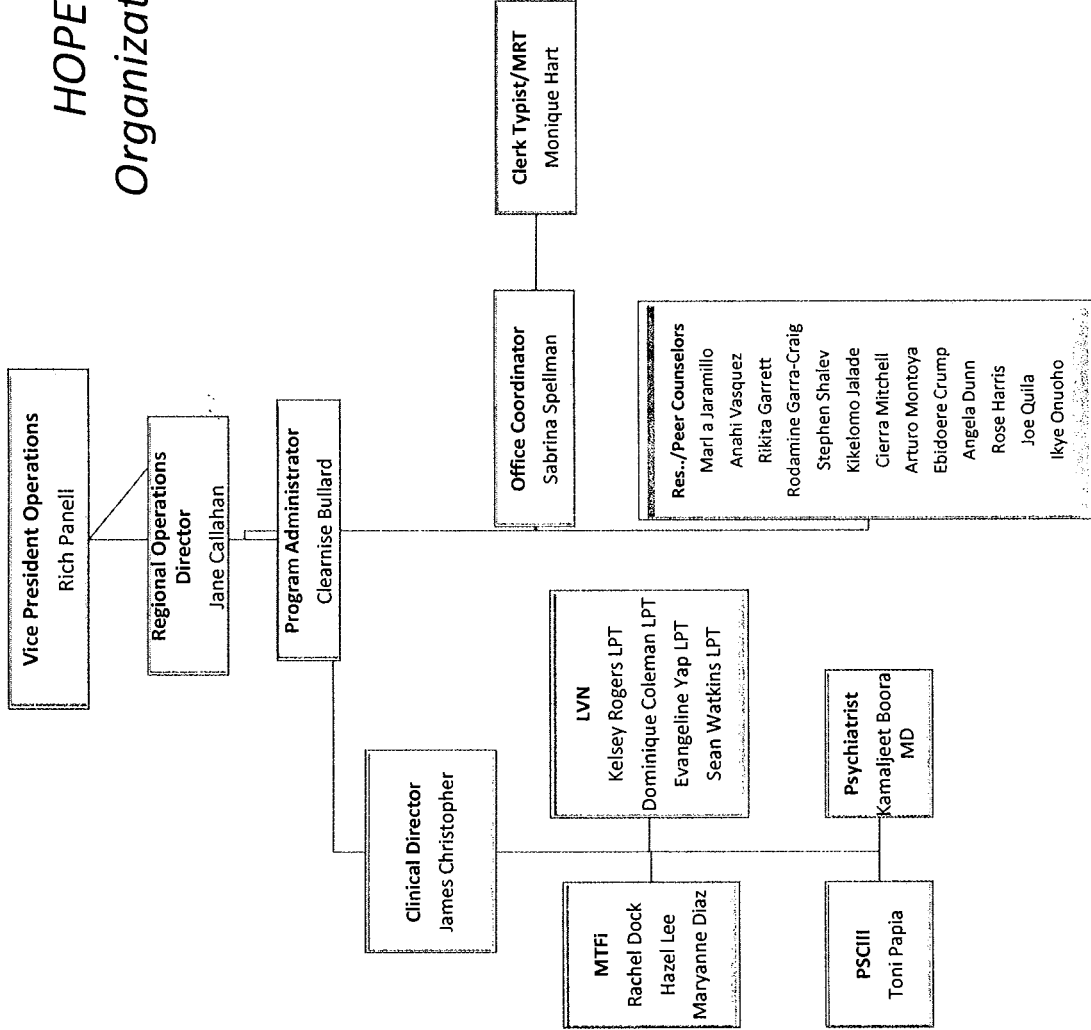
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# **APPENDIX E**

## **Organization Chart**

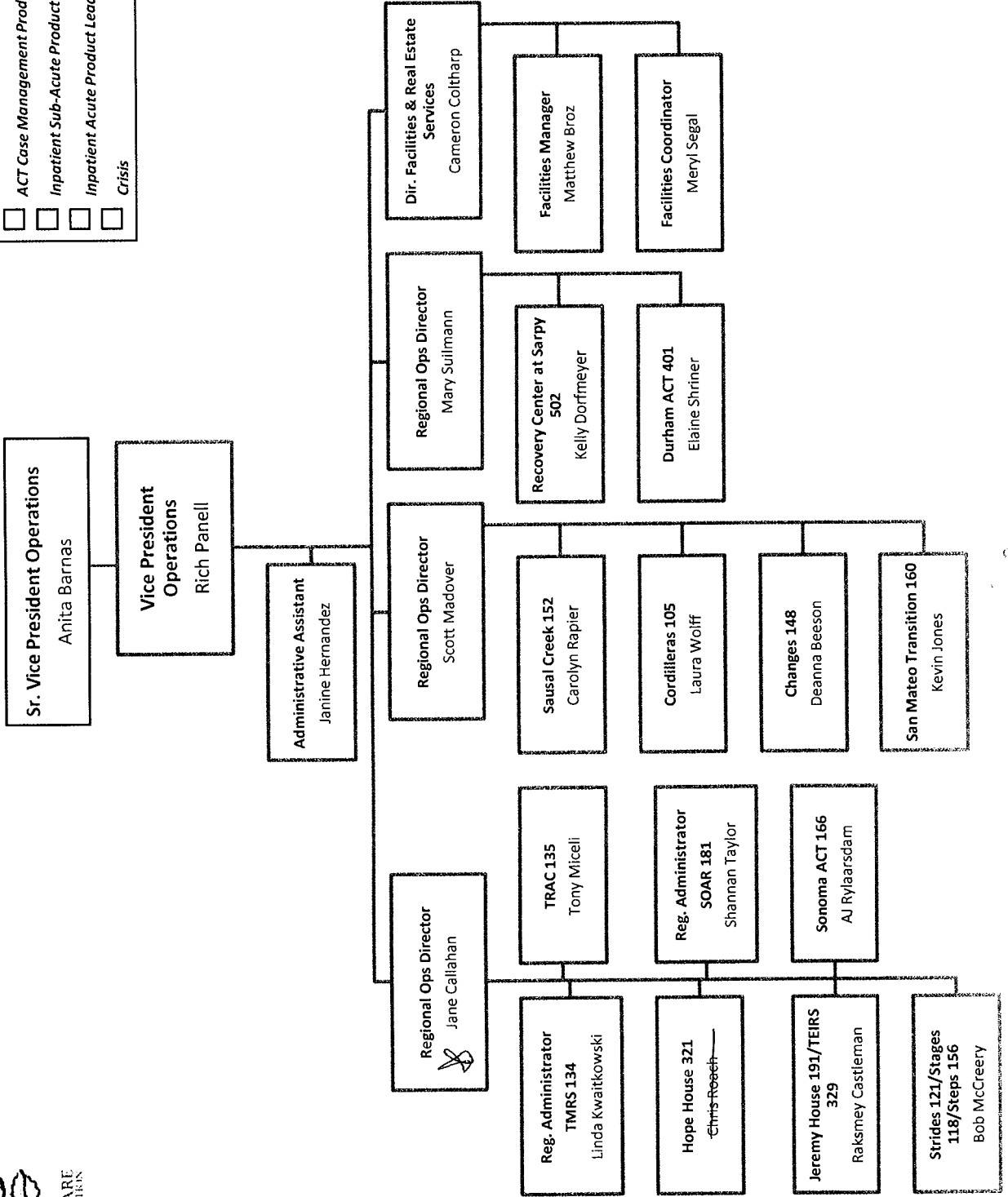
# HOPE HOUSE Organizational Chart





# OPERATIONS

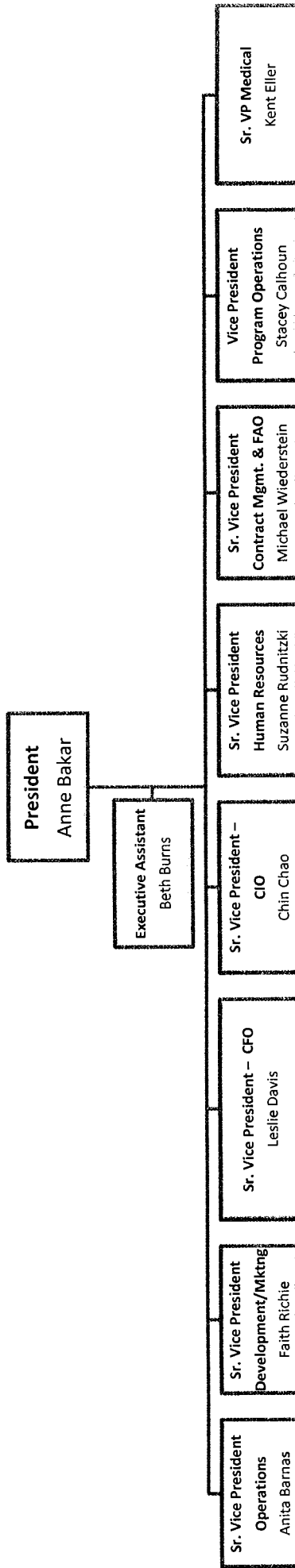
<input type="checkbox"/>	ACT Case Management Product Lead
<input type="checkbox"/>	Inpatient Sub-Acute Product Lead
<input type="checkbox"/>	Inpatient Acute Product Lead
<input type="checkbox"/>	Crisis







# EXECUTIVE OFFICERS



# Contra Costa Behavioral Health Stakeholder Calendar

## February 2018

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				<p>1</p> <p><b>CPAW:</b> 2:00—5:00 pm 2425 Bisso Lane Concord</p>	2	3
4	5	<p>6</p> <p><b>H3 Housing:</b> 1:00 – 3:00 pm 2425 Bisso Lane, Concord</p>	<p>7</p> <p><b>MH Commission:</b> 4:30—6:30 pm Richmond Auditorium 403 Civic Center Plaza Richmond</p>	<p>8</p> <p><b>Children's:</b> 11:00 am—1:00 pm 1340 Arnold Dr, Ste 200, Martinez</p> <p><b>Social Inclusion:</b> 1:30—3:30 pm 2425 Bisso Lane Concord</p>	9	10
11	12	13	<p>14</p> <p><b>Systems of Care:</b> 10:00—12:00 pm 1340 Arnold Dr, Ste 200, Martinez</p>	<p>15</p> <p><b>CPAW Steering:</b> 3:00 — 4:00 pm 1340 Arnold Dr, Ste 200, Martinez</p>	16	17
18		20	21	22	23	24
25	<p>26</p> <p><b>CPAW Innovation:</b> 2:30 — 4:00 pm 1340 Arnold Dr, Ste 200, Martinez</p>	<p>27</p> <p><b>Adults:</b> 3:00 — 4:30 pm 1340 Arnold Dr, Ste 200, Martinez</p>	<p>28</p> <p><b>Aging /Older Adults:</b> 2:00—3:30 pm 2425 Bisso Lane Concord</p> <p><b>AOD Advisory Board:</b> 4:00 — 6:00 pm 1220 Morello , MTZ</p>			