

**COMMUNITY PARTNERSHIP OF  
SOUTHERN ARIZONA, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community Partnership of Southern Arizona, Inc.  
Tucson, Arizona

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

We have audited the accompanying consolidated financial statements of Community Partnership of Southern Arizona, Inc. ("CPSA"), which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 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 the auditors' 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, the auditor considers internal control relevant to the entity'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 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 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 Community Partnership of Southern Arizona, Inc. as of September 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter Regarding Going Concern***

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Notes 16 and 17 to the financial statements, the entity's GSA 5 Regional Behavioral Health Authority contract expired on September 30, 2015. This contract comprised substantially all of the revenues of CPSA. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters also are described in Note 17. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

***Other Matter – Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated statements of activities by line of business (as defined in the contract dated July 1, 2005 between CPSA and the Arizona Department of Health Services - Division of Behavioral Health Services (ADHS-BDHS)) for the year ended September 30, 2015, are not a required part of the basic consolidated financial statements, but are supplementary information required by ADHS-BDHS. The accompanying CPSA Pima County Title 36 Contractual reporting schedule and Community Reinvestment Funds Schedule for the year ended September 30, 2015 are not a required part of the basic consolidated financial statements, but are supplementary information required by Pima County. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Board of Directors  
Community Partnership of Southern Arizona, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016 on our consideration of Community Partnership of Southern Arizona, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 of Community Partnership of Southern Arizona, Inc. internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Tucson, Arizona  
January 8, 2016

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2015 AND 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 52,938,208	\$ 31,515,343
Investments	6,268,409	7,179,912
Receivables		
Due from the Arizona Department of Health Services	2,061,274	3,520,527
Due from related parties	1,488,580	905,109
Other receivables	13,757,038	12,631,067
Prepaid expenses and other	<u>2,057</u>	<u>375,147</u>
Total current assets	<u>76,515,566</u>	<u>56,127,105</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>15,644,502</u>	<u>19,688,434</u>
<b>OTHER ASSETS</b>		
Bond issuance costs, net	-	19,189
Deposits	<u>16,661</u>	<u>11,663</u>
Total other assets	<u>16,661</u>	<u>30,852</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 92,176,729</u></u>	<u><u>\$ 75,846,391</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ -	\$ 683,897
Accounts payable	1,695,099	1,044,989
Behavioral healthcare services payable	24,938,747	17,169,128
Recoupment liabilities due to the Arizona Department of Health Services	12,240,357	8,461,674
Accrued salaries and benefits	1,664,952	704,384
Deferred revenue	1,188,286	671,740
Other current liabilities	<u>-</u>	<u>11,018</u>
Total current liabilities	41,727,441	28,746,830
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	-	3,966,604
Total liabilities	<u>41,727,441</u>	<u>32,713,434</u>
<b>NET ASSETS</b>		
Unrestricted	48,611,988	41,295,657
Temporarily restricted	<u>1,837,300</u>	<u>1,837,300</u>
Total net assets	<u>50,449,288</u>	<u>43,132,957</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 92,176,729</u></u>	<u><u>\$ 75,846,391</u></u>

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

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
Revenues and gains:		
Net capitation premiums	\$ 3,172,962	\$ 1,689,378
Client service	2,573,196	2,646,399
Investment and other income	8,655,504	9,220,470
Total revenues	14,401,662	13,556,247
Expenses		
Grants and other	4,977,525	5,417,872
Administrative and operating:		
Salaries and benefits	-	1,052,442
Professional and outside services	-	1,542,075
Occupancy	-	199,022
Depreciation and amortization	-	1,700,373
Supplies and other	9,853,123	10,989,268
Total expenses	14,830,648	20,901,052
<b>LOSS FROM CONTINUING OPERATIONS</b>	(428,986)	(7,344,805)
<b>INCOME FROM DISCONTINUED OPERATIONS</b>	11,288,175	7,770,452
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	10,859,189	425,647
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	-	-
<b>TRANSFERS TO AFFILIATE ORGANIZATIONS</b>	(3,542,858)	(9,000,000)
<b>NET ASSETS, BEGINNING OF YEAR</b>	43,132,957	51,707,310
<b>NET ASSETS, END OF YEAR</b>	\$ 50,449,288	\$ 43,132,957

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

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,859,189	\$ 425,647
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	2,216,108	2,331,587
Discontinued capital projects	-	1,176,291
Loss on sale of property and equipment	2,687	-
Net realized and unrealized gain on investments	(132,643)	(336,125)
Effects of changes in operating assets and liabilities:		
Due from the Arizona Department of Health Services	1,459,253	(932,621)
Due from related parties	(583,471)	(905,109)
Other receivables	(1,129,124)	6,901,520
Prepaid expenses and other	352,393	617,849
Accounts payable and accrued liabilities	1,633,892	(1,458,283)
Behavioral healthcare services payable	7,769,619	6,243,127
Recoupment liabilities due to the Arizona Department of Health	3,778,683	(11,547,455)
Deferred revenue	524,433	586,509
	26,751,019	3,102,937
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(229,539)	(2,170,518)
Transfer to affiliate organization	(1,492,260)	(9,000,000)
Purchases of investments	(3,051,391)	(5,879,775)
Proceeds from sales and maturities of investments	4,095,537	15,079,437
	(677,653)	(1,970,856)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(4,650,501)	(672,485)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	21,422,865	459,596
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	31,515,343	31,055,747
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 52,938,208	\$ 31,515,343
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		See Note 15

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



**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Operations**

Community Partnership of Southern Arizona, Inc. (CPSA or the Organization), located in Tucson, Arizona, is an Arizona nonprofit corporation. Incorporated in February 1995, CPSA was initially formed by three 501(c)(3) corporations (corporate members). CPSA is a wholly-owned subsidiary of Community Partners, Inc. (CPI or Parent).

Community Behavioral Health Properties of Southern Arizona, LLC (CBHP) was organized in July 2002 for the purpose of acquiring and holding real estate and related debt. Community Partnership Housing, LLC (CPH) was organized in February 2008 for the purpose of developing, owning, improving, and operating housing that is affordable to low and moderate income people receiving behavioral health services. Community Partnership Housing - Elvira, LLC (CPH Elvira) was organized in February 2008 for the purpose of developing, owning, improving, and operating housing that is affordable to low and moderate income young adults receiving behavioral health services. Sonrisa Apartments, Inc. (Sonrisa) was organized in March 2009 as a nonprofit corporation for the purpose of developing, owning, improving, and operating housing that is affordable to low and moderate income young adults receiving behavioral health services. CBHP, CPH, CPH Elvira, and Sonrisa are wholly owned subsidiaries of CPSA.

The ownership of all CPH apartments and CPH operations were transferred to Mental Health Resources, Inc. (MHRI), an affiliated entity, effective November 1, 2014.

Through a contract with the Arizona Department of Health Services (ADHS), which expired September 30, 2015, CPSA had been designated as the Regional Behavioral Health Authority (RBHA) for the geographic service area of Pima County (GSA 5). CPSA was responsible for managing and maintaining an organized, comprehensive behavioral healthcare delivery system for the benefit of eligible members within its geographic service area. Direct behavioral healthcare services are provided to eligible, enrolled members by subcontracted providers. Substantially all of CPSA's revenues and cash flows were from its contract with ADHS, see Note 16 for further discussion.

**Consolidation**

The accompanying consolidated financial statements include the accounts of CPSA, CBHP, CPH, CPH Elvira, and Sonrisa. All intercompany balances and transactions have been eliminated in the consolidation.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with the standards of accounting and financial reporting under the AICPA Audit and Accounting Guide, *Health Care Organizations* and the *Accounting and Auditing Procedures Manual for ADHS Funded Programs*.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

***Unrestricted net assets*** - Net assets that are not subject to donor-imposed stipulations.

***Temporarily restricted net assets*** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Permanently restricted net assets*** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. CPSA does not have any permanently restricted net assets at September 30, 2015 and 2014.

**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 a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosures concerning contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CPSA considers the estimate of its behavioral healthcare services payable and its provider receivables to be critical accounting estimates requiring extensive subjective judgment. CPSA bases its estimate on historical experience and other assumptions believed to be reasonable under the circumstances. Actual results could differ from its estimates under different assumptions or conditions.

**Cash and Cash Equivalents**

CPSA considers all highly liquid investments with an original maturity at the time of purchase of three months or less to be cash equivalents. CPSA routinely invests its surplus operating funds in overnight repurchase arrangements with a financial institution and in highly liquid U.S. government securities.

CPSA, in the normal course of business, places its cash and cash equivalents with various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. As of September 30, 2015 and 2014, balances exceeded FDIC insured limits by approximately \$51,211,000 and \$34,823,000, respectively. Management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

CPSA carries investments in marketable securities at fair value in the consolidated balance sheets. Investment income or losses (includes realized and unrealized gains and losses on investments, interest, and dividends) are recognized in the consolidated statements of activities.

**Receivables**

Receivables primarily consist of amounts billed and currently due from governmental agencies and Comprehensive Service Providers. Contractually, CPSA grants unsecured trade credit without interest to ADHS and others. The Organization has not experienced any significant past due accounts. Based on historical collections, remaining accounts receivable are considered fully collectible by management.

**Revenue Recognition**

*Net Capitation Premiums Revenue:* CPSA's contract with ADHS requires CPSA to provide behavioral healthcare services to all Arizona Health Care Cost Containment System (AHCCCS) eligible Medicaid (Title XIX) and KidsCare (Title XXI) enrollees within its geographic service area. Under this agreement, CPSA receives monthly payments from ADHS based on a capitated rate and the number of Medicaid and KidsCare eligible members for covered services during that month, regardless of services actually performed by CPSA's subcontracted providers. Capitation premiums are recognized in the month payment is received. CPSA assumes the risk for claims in excess of those payments. However, surpluses and losses derived from capitated revenue are subject to a service profit and loss corridor not to exceed plus or minus three percent. Total Title XIX and Non-Title XIX revenue which exceed the contractual profit maximum for the years ended September 30, 2015 and 2014 consisted of the following:

	2015	2014
Title XIX	\$ 11,067,000	\$ 7,923,591
Non-Title XIX	1,173,357	538,083
Total	\$ 12,240,357	\$ 8,461,674

*Client Service Revenue:* CPSA's contract with ADHS provides for payment to CPSA at a monthly rate equal to one-twelfth of specified annual contract maximums under ADHS Non-Title XIX/XXI Subvention Allocation Schedule. CPSA recognizes these funds as revenue when received, except for unexpended Federal Block Grant funds received as of September 30 that must be deferred at September 30. ADHS policies require CPSA to return any unexpended Federal Block Grant funds if they remain unexpended for one year beyond when ADHS has granted them. Surpluses derived from certain Non-Title XIX/XXI revenue are subject to a service profit corridor not to exceed three percent.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Subvention programs provide behavioral healthcare services to lower income, uninsured, or underinsured individuals not eligible for behavioral healthcare coverage under Arizona Health Care Cost Containment System (AHCCCS) Medicaid or KidsCare. Subvention programs are funded through a combination of federal mental health block grant funds, Pima County funds, and State of Arizona appropriated funds administered by ADHS.

Arizona Department of Housing through CPSA contracts with the City of Tucson to administer the Bridge Subsidy program. This program provides subsidized housing for individuals waiting to become eligible for Section 8 housing.

*Other Income:* Other income consists primarily of rental income and other non-program revenues.

**Behavioral Healthcare Service Cost Recognition**

CPSA contracts with various Comprehensive Service Providers (CSP), including corporate members, for the provision of a full range of behavioral healthcare services to AHCCCS eligibles and enrolled, Non-Title XIX/XXI adults with serious mental illnesses, and adult and children for Non-Title-XIX/XXI programs. The CSPs are compensated on a one-twelfth installment basis up to an annual contract ceiling for enrolled clients in these categories. Under this arrangement, the CSPs are at risk for providing healthcare services to eligible enrollees as specified in the agreements, including costs that exceed their annual contract ceiling payments. These services accounted for 69% and 70% of CPSA's behavioral healthcare service expenses in 2015 and 2014, respectively. Three CSPs accounted for 41% and 44% of behavioral healthcare service expense in 2015 and 2014, respectively.

The cost of all other behavioral healthcare services is on a cost-reimbursement, one-twelfth installment or block-purchase basis subject to contract ceilings for certain programs. These costs are accrued in the period in which the service is provided to eligible recipients. These services accounted for 31% and 30% of CPSA's behavioral healthcare service expenses in 2015 and 2014, respectively.

**Property and Equipment**

Property and equipment are initially recorded at cost. Generally, expenditures for major improvements in excess of \$5,000 to property are capitalized and expenditures for repairs and maintenance are expensed as incurred. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	5 - 40 years
Furniture and equipment	3 - 5 years
Leasehold improvements	3 years

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate 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 future undiscounted 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 by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

**Allocation of Common Expenses**

Certain direct, indirect, and administrative expenses are incurred that benefit more than one program. Such common expenses are allocated based upon a cost allocation plan using management's estimates, which are primarily based upon enrollment, claims, and costs by lines of business.

**Income Taxes**

CPSA and Sonrisa are Section 501(c)(3) organizations exempt from taxation under Internal Revenue Code Section 501(a). CBHP, CPH, and CPH Elvira are single-member LLCs, which are disregarded entities for income tax purposes. Accordingly, no provision for federal or state corporate income taxes has been reflected in the accompanying consolidated financial statements. However, certain unrelated business income may be subject to income tax.

The Organization is required to perform an evaluation of all tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for federal and state purposes.

The Organization is only subject to income taxes on unrelated business taxable income (UBTI). As a result, the Organization is required to file informational returns for federal and state purposes and, if it has UBTI, federal and state income tax returns. The federal and state tax returns for the Organization for fiscal years 2012, 2013, and 2014 are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after filed. Management has performed its evaluation of tax positions taken on all open tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard.

From time to time, the Organization may be subject to penalties and interest assessed by various taxing authorities, which are classified as administrative and operating expenses when they occur. No penalties and interest were assessed in 2015 or 2014.

**Subsequent Events**

Management evaluated subsequent events through January 8, 2016, the date the consolidated financial statements were available to be issued.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 2 INVESTMENTS**

Investments consisted of the following at September 30:

	2015	2014
Bonds	\$ 5,041,163	\$ 6,238,823
Mutual funds	62,304	81,114
Preferred stocks	5,425	-
Alternative investments	1,159,517	859,975
Total	\$ 6,268,409	\$ 7,179,912

Investment income for the years ended September 30 consisted of the following:

	2015	2014
Interest and dividends	\$ 174,158	\$ 53,494
Realized gains	15,805	83,775
Unrealized gains	116,838	252,350
Total	\$ 306,801	\$ 389,619

**NOTE 3 OTHER RECEIVABLES**

Other receivables consisted of the following at September 30:

	2015	2014
Providers	\$ 10,706,212	\$ 10,578,266
Housing	415,453	464,804
Pima County Title 36	2,344,283	1,442,842
Other	291,090	145,155
Total	\$ 13,757,038	\$ 12,631,067

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at September 30:

	2015	2014
Land	\$ 2,944,198	\$ 3,550,349
Buildings	16,211,069	18,762,925
Capital deposits	10,003	24,986
Furniture and equipment	14,593,513	14,473,792
Leasehold improvements	162,447	162,447
	33,921,230	36,974,499
Less accumulated depreciation and amortization	(18,276,728)	(17,286,065)
Total	\$ 15,644,502	\$ 19,688,434

Depreciation and amortization was \$2,196,919 and \$2,326,582 for the years ended September 30, 2015 and 2014, respectively.

**NOTE 5 FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

*Cash and cash equivalents and receivables* - The carrying amount is estimated to be the fair value based on the liquidity of these financial instruments and their relatively short maturity.

*Investments* - The fair value of bonds, mutual funds, and preferred stocks are valued using quoted market prices for identical or similar assets in active markets. The fair value of the alternative investments is calculated at the Net Asset Value (NAV) per share. NAV is calculated by deducting the share class's liabilities from the share class's assets at the close of business and dividing by the outstanding number of shares.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

*Payables* - The carrying amount approximated fair value because of the short maturity of these instruments.

*Long - term debt* - The terms of the Organization's long - term debt approximated the terms in the market place at which they could be replaced. Therefore, the fair values approximated the carrying value of these instruments.

At September 30, 2015, the fair value of assets measured on a recurring basis is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Bonds:				
Corporate	\$ 4,090,174	\$ -	\$ 4,090,174	\$ -
U.S. Treasury notes	177,856	-	177,856	-
Municipalities	773,133	-	773,133	-
Mutual funds:				
Emerging markets	62,304	62,304	-	-
Preferred stocks:				
Healthcare REIT	5,425	5,425	-	-
Alternative investments	1,159,517	-	-	1,159,517
Total assets at fair value	<u>\$ 6,268,409</u>	<u>\$ 67,729</u>	<u>\$ 5,041,163</u>	<u>\$ 1,159,517</u>

At September 30, 2014, the fair value of assets measured on a recurring basis is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Bonds:				
Corporate	\$ 5,308,702	\$ -	\$ 5,308,702	\$ -
U.S. Treasury Notes	199,672	-	199,672	-
Municipalities	730,449	-	730,449	-
Mutual funds:				
Emerging markets	81,114	81,114	-	-
Alternative investments	859,975	-	-	859,975
Total assets at fair value	<u>\$ 7,179,912</u>	<u>\$ 81,114</u>	<u>\$ 6,238,823</u>	<u>\$ 859,975</u>



**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth a summary of the changes in the fair value of the Organization's level 3 assets for the years ended September 30:

	2015	2014
Balance, beginning of year	\$ 859,975	\$ -
Purchases	200,000	758,809
Unrealized gains	99,542	101,166
Balance, end of year	\$ 1,159,517	\$ 859,975

The following table summarizes investments measured at fair value based on NAV per share as of September 30:

Investment Type	2015 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Abbey Capital Multi Mgr Fund Ltd Share Class D	\$ 559,903	N/A	Monthly	3 Days
Campbell Fund Trust Series W	\$ 599,614	N/A	Monthly	10 Days

Investment Type	2014 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Abbey Capital Multi Mgr Fund Ltd Share Class D	\$ 390,748	N/A	Monthly	3 Days
Campbell Fund Trust Series W	\$ 469,227	N/A	Monthly	10 Days

The Abbey Capital fund's objective is to seek long-term capital appreciation with a rigorous risk management framework. The fund aims to achieve this objective through its direct investment in the ALC Alternative Fund. The Campbell Fund engages in the speculative trading of futures contracts and foreign currency contracts.

**NOTE 6 PERFORMANCE BONDS**

CPSA's contract with ADHS requires a performance bond to fund any potential losses incurred equal to amounts based on gross payments, as specified in the contract. The ADHS performance bond requirement for the period ending December 31, 2016 of approximately \$31 million has been obtained with the renewal of surety bonds through December 31, 2016 of \$13,146,529 with International Fidelity Insurance Company and \$17,939,623 with Argonaut Insurance Company.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 7 RECOUPMENT LIABILITIES**

ADHS Encounter Policy Requirements: ADHS requires CPSA to report minimum percentages of encounter values to nonadministrative ADHS payments, reaching 85% at year-end. ADHS evaluates on a quarterly, year-to-date basis by Title XIX and Non-Title XIX/XXI programs, the percentage of encounter data to ADHS payments. In the event CPSA does not reach the required threshold, the full amount of the sanction will be withheld from CPSA's monthly payment and requires that the sanction be reported as an administrative expense and allocated to the appropriate program. ADHS has not assessed sanctions for the years ended September 30, 2015 and 2014.

**NOTE 8 DEFERRED REVENUE**

CPSA has programs for which deferred revenue is recorded as a result of unexpended payments received. Deferred revenue consisted of the following at September 30:

	2015	2014
Non-Title XIX programs	\$ -	\$ 3,333
Non-ADHS programs	1,188,286	668,407
Total	\$ 1,188,286	\$ 671,740

**NOTE 9 LONG-TERM DEBT**

Long-term debt consisted of the following at September 30:

	2015	2014
The Arizona Health Facilities Authority sold 2002 Series bonds on behalf of CBHP, repaid in 2015.	\$ -	\$ 1,608,333
Note payable, Wells Fargo, repaid in 2015.	-	678,373
Note payable, Wells Fargo, repaid in 2015.	-	1,022,506
Note payable, Wells Fargo, repaid in 2015.	-	1,341,289
	-	4,650,501
Less: current portion	-	(683,897)
Total long-term debt, net of current portion	\$ -	\$ 3,966,604

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 10 RELATED PARTY TRANSACTIONS**

*Behavioral Healthcare Services*

CPSA has contracted with ten comprehensive service providers (CSPs) in Pima County (GSA 5) to provide behavioral healthcare services. Four of these CSPs are related parties through affiliation with Behavioral Health Coalition of Southern Arizona (BHC), a corporate member.

CPSA has contracted with 15 service providers who are members of BHC to provide behavioral healthcare services in Pima County. Agreements with these providers expired on September 30, 2015. Amounts payable to these providers aggregated approximately \$4.0 million and \$5.4 million as of September 30, 2015 and 2014, respectively, and are included in behavioral healthcare services payable. Amounts receivable from these providers aggregated approximately \$2.4 million and \$3.5 million as of September 30, 2015 and 2014, respectively, and are included in other receivables. BHC accounted for 48% and 53% of behavioral healthcare services expense in 2015 and 2014, respectively.

CPSA contracted with Community Partnership Care Coordination, LLC (CPCC) to provide behavioral healthcare services. CPCC is a wholly-owned subsidiary of CPI. Amounts paid to CPCC by CPSA approximated \$2,837,000 and \$2,565,000 for 2015 and 2014, respectively (of which, approximately \$2,631,000 and \$1,570,000 was paid through current year behavioral health funding for 2015 and 2014, respectively).

*Administrative and Other*

Effective October 1, 2014, CPSA entered into a Management and Administrative Services Agreement with its parent, CPI. The agreement continues indefinitely until terminated by mutual agreement, convenience, or default. CPI provides management, human resources, accounting, communications, business technology, claims processing, and facilities management services to CPSA. CPSA paid CPI approximately \$8,918,000 and \$11,140,000 under this agreement for the years ended September 30, 2015 and 2014, respectively, which is included in professional services in the accompanying consolidated statements of activities.

CPSA provided \$900,000 for working capital and \$473,050 for SB1616 funds to MHRI during 2015. CPSA provided \$9,000,000 to CPI for start-up funds during 2014. These amounts are included as transfers to affiliate organizations in the accompanying consolidated statements of activities. CPH transferred its operations to MHRI in 2015 (see Note 15).

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)**

CBHP charges rent to various affiliated entities. The rental income is included in the accompanying consolidated statements of activities as other income. Rental income for the years ended September 30 is as follows:

	<u>2015</u>	<u>2014</u>
CPI	\$ 496,074	\$ 531,997
CPCC	212,240	241,725
MHRI	<u>28,016</u>	<u>-</u>
Total	<u>\$ 736,330</u>	<u>\$ 773,722</u>

CPSA reimbursed MHRI \$310,494 for housing employees for the year ended September 30, 2015.

A summary of amounts due from related parties at September 30 is as follows:

	<u>2015</u>	<u>2014</u>
CPI	\$ 1,423,841	\$ 685,809
CPCC	<u>64,739</u>	<u>219,300</u>
Total	<u>\$ 1,488,580</u>	<u>\$ 905,109</u>

CPSA has a payable to MHRI of \$30,784 at September 30, 2015, included in accounts payable in the accompanying consolidated balance sheets.

**NOTE 11 RETIREMENT PLAN**

CPSA has a 401(k) defined contribution employee savings plan for its eligible employees. Eligible employees may make contributions to the 401(k) plan not to exceed specified annual ceiling amounts. CPSA may make discretionary contributions to be allocated ratably among participating employees. Participants are immediately vested in employee contributions and ratably over a period of three years in discretionary CPSA contributions. CPSA's contribution to the Plan was approximately \$343,000 and \$345,000 for the years ended September 30, 2015 and 2014, respectively.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 12 LESSOR AGREEMENTS**

The Organization leases buildings to tenants under a non-cancelable operating lease expiring on September 30, 2016. Future minimum lease receipts under this lease are as follows:

Total minimum lease receipts due for year ending September 30, 2016	<u>\$ 1,560,457</u>
--	---------------------

Rental income was approximately \$1,442,000 and \$1,505,000 for the years ended September 30, 2015 and 2014, respectively.

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

*Other Commitments*

CPSA and CBHP lease various equipment and office space under operating lease agreements expiring at various dates through December 2017, all of which have early termination clauses.

Future minimum commitment payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 67,065
2017	27,910
2018	<u>390</u>
Total	<u>\$ 95,365</u>

Total rent expense was \$146,363 and \$150,182 for the years ended September 30, 2015 and 2014, respectively.

*Litigation*

CPSA is party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of the pending or threatened lawsuits will not have a material adverse effect on CPSA's consolidated financial statements. Amounts related to any settlements are reflected in these consolidated financial statements.

*Contract Compliance*

Capital risk requirements: Pursuant to its contract with ADHS, CPSA must annually maintain a minimum capitalization requirement of net assets greater than or equal to 90% of the monthly capitation and Non-Title XIX/XXI payments received under the contract, excluding the performance bond investments. At September 30, 2015 and 2014, CPSA was in compliance with the minimum capitalization requirement.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Viability ratios: CPSA's contract with ADHS contains various quarterly financial performance requirements including required minimum liquidity ratios, administrative cost percentages, and service expense percentages. For the years ended September 30, 2015 and 2014, CPSA was not in compliance with certain administrative and service expense percentages. The CPSA Board of Directors has approved variances in certain viability ratios to meet behavioral health community needs. CPSA has informed ADHS of the reasons for the variances. ADHS has not assessed sanctions against CPSA for noncompliance.

Other: Should CPSA be in default of any material obligation under its contract with ADHS, ADHS may, at its discretion, in addition to other remedies, either adjust the amount of future payment or withhold future payment until satisfactory resolution of the default of exception.

*Compliance with Laws and Regulations*

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse regulations. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that CPSA was in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future review and interpretation, as well as regulatory actions unknown or unasserted at this time.

*Housing and Urban Development Notes*

During 2012, Sonrisa received an 811 building grant from the U.S. Department of Housing and Urban Development (HUD) and the City of Tucson (City). Sonrisa has signed two related contingent promissory notes. The note with HUD, in the amount of \$1,337,300, matures September 1, 2051. This note bears no interest and does not require repayment as long as the housing remains available for low income persons. The note with the City, in the amount of \$500,000, matures August 10, 2031. This note will be forgiven by the City upon expiration as long as it is used for the designated purpose. In the event Sonrisa discontinues these services, both notes become due and payable. As management intends to continue through the expiration dates of the agreements, these amounts have been recorded as temporarily restricted net assets until the terms have been fulfilled.

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 14 FUNCTIONAL EXPENSES**

Functional expenses for the years ended September 30 are as follows:

	<u>2015</u>	<u>2014</u>
Program services	\$ 4,977,525	\$ 5,417,872
Administrative and operating	<u>9,853,123</u>	<u>15,483,180</u>
Total	<u>\$ 14,830,648</u>	<u>\$ 20,901,052</u>

**NOTE 15 STATEMENTS OF CASH FLOWS**

Supplemental disclosure of cash flow information:

	<u>2015</u>	<u>2014</u>
Interest expense and cash paid for interest	<u>\$ 67,177</u>	<u>\$ 78,414</u>

Effective November 1, 2014, all the operations of CPH, including assets and liabilities, were transferred to MHRI. Amounts transferred to CPH during the year ended September 30, 2015 were as follows:

Cash	\$ 119,210
Other receivables	3,153
Prepaid expenses	15,699
Property and equipment	2,073,865
Accounts payable	23,514
Deferred revenue	7,887
Other current liabilities	10,718
Net assets	2,169,808

**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 16 DISCONTINUED OPERATIONS**

The RBHA GSA 5 contract expired on September 30, 2015. As a result, the results of operations from this contract have been classified as income from discontinued operations for the years ended September 30, 2015 and 2014. A summary of the results of operations of the discontinued GSA 5 RBHA contract for the years ended September 30 are as follows:

	2015	2014
Revenue	\$ 321,421,787	\$ 272,960,983
Less: program services expenses	(286,478,729)	(243,702,178)
Less: administrative and operating expenses	(23,654,883)	(21,488,353)
Total	\$ 11,288,175	\$ 7,770,452

**NOTE 17 LIQUIDITY AND CONTINUING OPERATIONS**

Management expects the close out of the GSA 5 RBHA contract to be completed by March 31, 2016. Management believes it has sufficient resources available to complete the contract. At that time, management is considering a change in mission and purpose and expecting CPSA to become a grant receiving non-profit.

This information is an integral part of the accompanying consolidated financial statements.



## **SUPPLEMENTARY INFORMATION**

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES BY LINE OF BUSINESS - GSA 3  
YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXXI Adult)	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	OTHER SABG	FEDERAL	COUNTY	PASRR/ ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL	
<b>REVENUES</b>																						
401	<b>Revenue Under ADHS Contract</b>																					
a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,301	\$ 37,301	\$ -	\$ 37,301
b	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
402	Specialty & Other Grants*																					
403	Member Co-pays																					
404	<b>Third Party Recoveries</b>																					
a	Medicare																					
b	Other Insurance																					
405	Interest Income																					
406	Other Behavioral Health Funding Sources - Non ADHS*																					
407	Unrelated Business Revenue*																					
408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,301	\$ 37,301	\$ 591,964	\$ 629,265
<b>EXPENSES</b>																						
<b>Service Expenses:</b>																						
501	<b>Treatment Services</b>																					
a	Counseling																					
1	Counseling, Individual																					
2	Counseling, Family																					
3	Counseling, Group																					
b	Assessment, Evaluation and Screening																					
c	Other Professional																					
d	<b>Total Treatment Services</b>																					
502	<b>Rehabilitation Services</b>																					
a	Living Skills Training																					
b	Cognitive Rehabilitation																					
c	Health Promotion																					
d	Supported Employment Services																					
e	<b>Total Rehabilitation Services</b>																					
503	<b>Medical Services</b>																					
a	Medication Services																					
b	Medical Management																					
c	Laboratory, Radiology & Medical Imaging																					
d	Electro-Convulsive Therapy																					
e	<b>Total Medical Services</b>																					
504	<b>Support Services</b>																					
a	Case Management																					
b	Personal Care Services																					
c	Family Support																					
d	Peer Support																					
e	Home Care Training to Home Care Client																					
f	Unskilled Respite Care																					
g	Supported Housing*																					
h	Flex Fund Services																					
i	Transportation																					
j	<b>Total Support Services</b>																					
505	<b>Crisis Intervention Services</b>																					
a	Crisis Intervention - Mobile																					
b	Crisis Intervention - Stabilization																					
c	Crisis Intervention - Telephones																					
d	<b>Total Crisis Intervention Services</b>																					

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES BY LINE OF BUSINESS - GSA 3  
YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXXI Adult)	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL	
<b>506 Inpatient Services</b>																						
a Hospital																						
1 Psychiatric (Provider Types 02 & 71)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2 Detoxification (Provider Types 02 & 71)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b Sub acute Facility																						
1 Psychiatric (Provider Types B5 & B6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2 Detoxification (Provider Types B5 & B6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c Residential Treatment Center (RTC)																						
Psychiatric - Secure & Non-Secure Provider Types																						
1 78,B1,B2,B3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Detoxification - Secure & Non-Secure (Provider Types																						
2 (78,B1,B2,B3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
d Inpatient Services, Professional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
e <b>Total Inpatient Services</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>507 Residential Services</b>																						
a Behavioral Health Residential Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b Reserved for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c Room and Board	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
d <b>Total Residential Services</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>508 Behavioral Health Day Program</b>																						
a Supervised Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b Therapeutic Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c Medical Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
d <b>Total Behavioral Health Day Program</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>509 Prevention Services</b>																						
a Prevention	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b HIV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c <b>Total Prevention Services</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>510 Medication</b>																						
a Medication Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b Less Pharmacy Rebate Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c Pharmacy Rebate Related Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
d <b>Total Medication Services</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
511 Other ADHS Service Expenses Not Rpt'd Above*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,301	-	37,301	
512 FQHC/RHC Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>513 Subtotal ADHS Service Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,301	37,301	-	37,301
520 Service Expenses from Non ADHS Sources*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	568,903	568,903
<b>525 Total Service Expense</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,301	37,301	568,903	606,204
<b>Administrative Expenses:</b>																						
601 Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
602 Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
603 Professional & Outside Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
604 Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
605 Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
606 Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
607 All Other Operating*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
608 <b>Subtotal ADHS Administrative Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
620 Interpretive Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
650 Encounter Evaluation Sanction*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
651 Non ADHS and/or Unrelated Admin. Expense*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,848	90,848
652 <b>Subtotal Administrative Expense</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,848	90,848
701 Unrelated Business Expenses*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>790 Income Tax Provisions</b>																						
a ADHS Income Tax Provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
b Non ADHS Income Tax Provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
799 <b>Subtotal Income Tax Provision</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>800 TOTAL EXPENSES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,301	37,301	659,751	697,052
<b>801 INC/(DEC) IN NET ASSETS/EQUITY</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (67,787)	\$ (67,787)

See independent auditors' report on supplementary information.









**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**CPSA Pima County Title 36 Contractual Reporting**  
**YEAR ENDED SEPTEMBER 30, 2015**

	CPSA Payments Made YTD as of 9/30/2015	CPSA Financial Reporting YTD as of 9/30/2015	CPSA / Pima County Annual Budget FY 2015	Financial Reporting as % Budget 100.0%
<b>Revenue</b>	\$ -	\$ 3,392,865	\$ 4,922,345	68.9%
<b>Cash Receipts</b>	3,452,007			
Hosp. Inpatient - COE and Phys. Rounds	2,225,788	2,019,865	2,962,218	68.2%
Physician Evaluations	46,170	88,194	133,352	66.1%
Transportation for COE Patients	15,816	905	251,890	0.4%
Subtotal Claims Payments - COE	2,287,774	2,108,964	3,347,460	63.0%
Mitigation Pool for PEP Inpatient Days	91,375	61,200	300,638	20.4%
Call Coordination Center	431,051	363,174	358,635	101.3%
Transportation NT19 for Dropped Petitions	26,000	73,283	20,800	352.3%
Direct Staff Subtotal	329,992	277,277	-	-
Direct Operating Subtotal	395	229	-	-
Allocations Subtotal	85,049	69,780	-	-
Direct Staff, Direct Operating and Allocations Subtotal	415,436	347,286	525,636	66.1%
Subtotal Program Expense	872,487	783,743	905,071	86.6%
Corporate Allocation (7.5% of Total)	263,646	327,144	369,176	88.6%
Total Expense	3,515,282	3,281,051	4,922,345	66.7%
Profit/Loss	(63,275)	111,814	-	0.0%



**COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.**  
**Pima County Title 36 Contractual Reporting- Community Reinvestment Funds**  
**YEAR ENDED SEPTEMBER 30, 2015**

CPSA Payments Made YTD through 9/30/2015	CPSA Financial Reporting YTD through 9/30/2015
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CRC Upgrades	\$ 168,361	\$ 168,361
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