

**People for Irvine Community Health
DBA 2-1-1 Orange County**

Financial Statements

Year Ended June 30, 2013

**Stafford and Warren, LLP.
17310 Red Hill Ave., Ste. 290
Irvine, CA 92614**



To the Board of Directors
People for Irvine Community Health
DBA 2-1-1 Orange County

We have audited the accompanying financial statements of People for Irvine Community Health, DBA 2-1-1 Orange County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013, and the related statement of activities, statement of cash flows, and statement of functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 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 People for Irvine Community Health, DBA 2-1-1 Orange County as of June 30, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Stafford & Warren, LLP
Irvine, CA
December 18, 2013

People for Irvine Community Health
DBA 2-1-1 Orange County
Financial Statements
June 30, 2013

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People for Irvine Community Health
 DBA 2-1-1 Orange County
 Statement of Financial Position
 June 30, 2013

	2013
ASSETS	
Cash and cash equivalents (Note 1)	\$ 224,983
Grants receivable	63,769
Deposits	2,844
Prepays	6,566
Property and equipment, net of accumulated depreciation (Note 3)	10,004
TOTAL ASSETS	\$ 308,166
 LIABILITIES	
Accounts payable	\$ 60,980
Accrued payroll and payroll taxes	29,442
Accrued expenses	7,707
Deferred revenue	21,590
TOTAL LIABILITIES	119,719
 NET ASSETS	
Unrestricted	137,341
Temporarily Restricted (Note 9)	51,106
TOTAL NET ASSETS	188,447
TOTAL LIABILITIES AND NET ASSETS	\$ 308,166

People for Irvine Community Health
 DBA 2-1-1 Orange County
 Statement of Activities
 Year Ended June 30, 2013

	2013
UNRESTRICTED NET ASSETS	
Support and Revenue	
Contributions and donations	\$ 302,881
Government grants	599,332
Program income	222,629
Interest and other income	5,107
Net assests released from restriction	13,893
Subtotal Support and Revenue	1,143,842
Fundraising Activity	
Fundraising revenue	5,260
Direct fundraising costs	(1,559)
Net Fundraising Activity	3,701
Total Support and Revenue	1,147,543
Expenses	
Program expenses	980,134
Management and General	217,474
Fundraising	-
Total Expenses	1,197,608
DECREASE IN UNRESTRICTED NET ASSETS	(50,065)
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	50,000
Net assests released from restrictions	(13,893)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	36,107
NET INCREASE (DECREASE) IN NET ASSETS	(13,958)
NET ASSETS AT BEGINNING OF YEAR	202,405
NET ASSETS AT END OF YEAR	\$ 188,447

People for Irvine Community Health
 DBA 2-1-1 Orange County
 Statement of Cash Flows
 Year Ended June 30, 2013

	2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (13,958)
Adjustments to reconcile change in net assets to net cash provided operating activities	
Depreciation	7,864
Decrease in grants receivable	88,727
Increase in prepaids	(1,095)
Increase in accounts payable	47,159
Decrease in accrued payroll and payroll taxes	(3,712)
Decrease in accrued expenses	(13,203)
Increase in deferred revenue	21,590
	133,372
NET CASH PROVIDED BY OPERATING ACTIVITIES	133,372
NET INCREASE IN CASH AND CASH EQUIVALENTS	133,372
BEGINNING CASH AND CASH EQUIVALENTS	91,611
ENDING CASH AND CASH EQUIVALENTS	\$ 224,983
Supplemental Disclosure of Noncash Activities	
Donated materials and services	\$ 88,156
Cash paid during the year for interest	\$ -
Cash paid during the year for taxes	\$ -

People for Irvine Community Health
 DBA 2-1-1 Orange County
 Statement of Functional Expenses
 Year Ended June 30, 2013

	Program Services	Management and General	Fundraising	Total
Bank charges	\$ -	\$ 350	\$ -	\$ 350
Charitable contributions	-	1,505	-	1,505
Conferences	525	1,456	-	1,981
Consultant	-	1,957	-	1,957
Depreciation	-	7,864	-	7,864
Dues and subscriptions	-	5,990	-	5,990
Equipment rental	-	239	-	239
In-kind services	88,156	-	-	88,156
Insurance	-	11,193	-	11,193
Mileage	1,288	2,371	-	3,659
Miscellaneous	-	187	-	187
Office expense	37,939	3,508	-	41,447
Olin Group	13,400	11,852	-	25,252
Outside services	14,080	84,318	-	98,398
Parking	230	609	-	839
Postage	-	455	-	455
Printing	1,099	1,624	-	2,723
Professional fees	1,012	7,750	-	8,762
Rent	7,643	30,570	-	38,213
Salaries and related costs	756,912	12,637	-	769,549
Staff appreciation	-	106	-	106
Telephone	57,850	26,503	-	84,353
Travel	-	403	-	403
Website	-	4,027	-	4,027
TOTAL EXPENSES	\$ 980,134	\$ 217,474	\$ -	\$ 1,197,608

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1- REPORTING ENTITY AND ORGANIZATION

People for Irvine Community Health was established in 1984 and is known as 2-1-1 Orange County (Organization). On April 1, 2004, the Public Utilities Commission of the State of California has authorized the organization to use the 2-1-1 abbreviated dialing code to provide information and referral (I & R) services to all of Orange County. This authority is granted for an indefinite term. 2-1-1 is the national abbreviated dialing code designated by the Federal Communications Commission to be used to phone non-emergency I & R providers. The Organization is a California not-for-profit corporation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Organization have been prepared on the accrual basis.

Basis of Presentation

The net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions 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 can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Accounting 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments, which are readily convertible to known amounts of cash and which have an original maturity of three months or less, to be cash equivalents.

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Accounts receivables are stated at the amount management expects to collect from outstanding balances. The Organization uses the allowance method to record doubtful receivables. For the year ended June 30, 2013, the Organization considers its receivables to be fully collectible and there is no allowance for doubtful accounts.

Property and Equipment

Furniture, fixture, and equipment are stated at cost or fair market value at date of contribution. Depreciation is computed under the straight line method, with estimate useful lives ranging from five to seven years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are considered to be unrestricted unless specifically restricted by the donor. Any such contributions are recognized as an increase to the temporarily restricted fund. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services and Goods

The Organization recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated good are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated good to a specific purpose.

Allocation of Functional Expenses

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

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exempt Organization Status

The Organization is exempt from the income taxes under Internal Revenue Code Section 501 (c)(3) and California Revenue Code Section 23701 (d). The Organization classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (c)(2). Income for certain activities not directly related the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization recognizes the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of property and equipment for the year ended June 30 is as follows:

	<u>June 30, 2013</u>
Property and equipment	\$ 87,726
Less: accumulated depreciation	\$ <u>(77,722)</u>
Net property and equipment	\$ <u>10,004</u>

For the year ended June 30, 2013 depreciation expense was \$7,864.

In 2007 the Organization received a contribution from the County of Orange in the amount of \$266,000 restricted for the purchase and installation of equipment that will allow the Organization to increase telecommunications surge capacity and increase disaster readiness. According to the contribution documentation, ownership of the equipment purchased belongs to the County. In April 2013 the Organization received an additional contribution for the same purpose in the amount of \$49,500. \$37,910 was spent by year end and the remaining \$11,590 was classified as deferred revenue. All expenditures relating to these donations were expensed and not capitalized. Equipment in the amount of \$303,910 are used in operations but are not recorded on the Statement of Financial Position because title is held by the grantors.

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 – SPECIAL EVENTS

The Organization conducts special events in order to raise funds to support the organization's operations and various programs. All events are conducted in accordance with applicable Federal, State, and local laws and ordinances.

NOTES 5 – INKIND REVENUES AND EXPENSES

For the year ended June 30, 2013, the Organization received and recognized donated services of \$88,156.

NOTE 6 – LEASE COMMINTMENTS

During October 2012 the Organization revised their annual lease agreement and converted to month to month basis for an office facility located in Irvine, CA. For the year ended June 30, 2013, the Organization recognized rent expenses of \$38,213.

NOTE 7 – PENSION PLAN

The employees of this non-profit organization qualify for salary reductions under code section 403(b) contributions to the electing employees' 403(b) retirement annuities or custodian accounts are made the month following payroll deductions, 2-1-1 Orange County facilitates the contributions of participants. All full-time employees are eligible upon hire.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Organization operates in Southern California and is subject to fluctuations in the local economy, which could impact contributions, specifically grants and donations.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although it is considered a possibility, the management deems the contingency remote since by accepting the grant and their term it has accommodated the objectives of the grantor under the provisions of the grant.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of June 30, 2013, the cash balance held at financial institutions did not exceed the FDIC insurance amount of \$250,000. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing difference.

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets are contributions restricted for specific purposes. The Organization had temporarily restricted net assets in the amount of \$36,107 as of June 30, 2013.

<u>Purpose</u>	<u>Amount</u>
Suicide Prevention and Intervention Capacity Building Program	\$ 8,049
Merger with OC Partnership	\$ 43,057
Total temporarily restricted net assets	<u>\$ 51,106</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2013 the Organization received \$3,953 in contributions from its Board of Directors.

NOTE 11 – REPORTING OF SUBSEQUENT EVENTS

As of January 1, 2014, the Organization is merging with another 501©(3). 211 Orange County will cease as an entity and its programs and operations will become part of the operations of the other non-profit organization.

In preparing these financial statements, the management of the Organization has evaluated events and transactions for potential recognition or disclosure through December 18, 2013, the date the financial statements were available to issue. Other than the events reported above, there are no other subsequent events that management believes should be reported in these statements.