

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY

FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of People for Irvine Community Health DBA 2-1-1 Orange County, as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Guzman & Gray, CPAs
Long Beach, CA
September 20, 2012

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
STATEMENT OF FINANCIAL POSITION

ASSETS

	June 30,	
	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	\$ 91,611	113,112
Receivables	152,496	181,730
Prepaid expenses	5,471	14,131
Total Current Assets	249,578	308,973
PROPERTY AND EQUIPMENT, NET	17,868	28,996
OTHER ASSETS		
Security deposits	2,844	2,844
TOTAL ASSETS	\$ 270,290	\$ 340,813

LIABILITIES AND ASSETS

CURRENT LIABILITIES		
Payables	\$ 13,821	\$ 5,370
Accrued payroll	33,155	30,635
Accrued vacation	20,909	25,496
Total Liabilities	67,885	61,501
NET ASSETS		
Unrestricted	202,405	279,312
TOTAL LIABILITIES AND NET ASSETS	\$ 270,290	\$ 340,813

See Independent Auditor's Report and Notes to Financial Statements

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND PUBLIC SUPPORT			
Contributions and grants	\$ 208,010	\$	\$ 208,010
In-kind donations	120,096		120,096
Program services and grants	878,442		878,442
Special events, net	24,925		24,925
Interest and dividends	10		10
TOTAL REVENUE	<u>1,231,483</u>		<u>1,231,483</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
TOTAL REVENUE AND PUBLIC SUPPORT	<u>1,231,483</u>		<u>1,231,483</u>
EXPENSES			
Program services	1,146,423		1,146,423
Management and administration	107,901		107,901
Fundraising	54,066		54,066
TOTAL EXPENSES	<u>1,308,390</u>		<u>1,308,390</u>
CHANGE IN NET ASSETS	(76,907)		(76,907)
BEGINNING NET ASSETS	<u>279,312</u>		<u>279,312</u>
ENDING NET ASSETS	<u>\$ 202,405</u>	<u>\$</u>	<u>\$ 202,405</u>

See Independent Auditor's Report and Notes to Financial Statements

PEOPLE FOR IRVINE COMMUNITY HEALTH
DBA 2-1-1 ORANGE COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE AND PUBLIC SUPPORT			
Contributions and grants	\$ 274,103	\$	\$ 274,103
In-kind donations	214,223		214,223
Program services and grants	900,031		900,031
Special events, net	19,293		19,293
Interest and dividends	806		806
TOTAL REVENUE	1,408,456		1,408,456
NET ASSETS RELEASED FROM RESTRICTIONS	11,260	(11,260)	
TOTAL REVENUE AND PUBLIC SUPPORT	1,419,716	(11,260)	1,408,456
EXPENSES			
Program services	1,181,212		1,181,212
Management and administration	114,985		114,985
Fundraising	50,673		50,673
TOTAL EXPENSES	1,346,870		1,346,870
CHANGE IN NET ASSETS	72,846	(11,260)	61,586
BEGINNING NET ASSETS	206,466	11,260	217,726
ENDING NET ASSETS	\$ 279,312	\$	\$ 279,312

See Independent Auditor's Report and Notes to Financial Statements

PEOPLE FOR IRVINE COMMUNITY HEALTH
 DBA 2-1-1 ORANGE COUNTY
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012 AND 2011

	June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	(76,907)	61,586
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	11,128	11,129
(Increase) decrease in assets:		
Receivables	29,234	(33,385)
Prepaid expenses	8,660	(3,461)
Increase (decrease) in liabilities:		
Payables	8,451	(12,074)
Accrued payroll	2,520	4,636
Accrued vacation	(4,587)	7,723
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(21,501)	36,154
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,501)	36,154
BEGINNING CASH AND CASH EQUIVALENTS	113,112	76,958
ENDING CASH AND CASH EQUIVALENTS	\$ 91,611	\$ 113,112

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

INTEREST PAID	NONE	NONE
TAXES PAID	NONE	NONE

See Independent Auditor's Report and Notes to Financial Statements

PEOPLE FOR IRVINE COMMUNITY HEALTH
 DBA 2-1-1 ORANGE COUNTY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program Services</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 657,097	\$ 42,854	\$ 14,285	\$ 714,236
In-kind services	120,096			120,096
Telephone	106,203	6,926	2,309	115,438
Consultants	28,979	19,405	29,235	77,619
Employee benefits	69,561	4,537	1,512	75,610
Payroll taxes	60,512	3,946	1,315	65,773
Outside services	37,039		4,115	41,154
Rent	32,365	2,111	704	35,180
Depreciation	10,237	668	223	11,128
Accounting and audit		9,573		9,573
Dues and subscriptions		7,872		7,872
Travel	6,692	437	146	7,275
Office supplies	4,502	294	98	4,894
Insurance	4,338	283	94	4,715
Conferences and meetings	4,341			4,341
Professional fees		3,489		3,489
Printing and copying	3,090			3,090
Bank and payroll fees		2,724		2,724
Miscellaneous		2,692		2,692
Postage and shipping	1,056	69	23	1,148
Equipment expense	315	21	7	343
TOTAL EXPENSES	<u><u>\$ 1,146,423</u></u>	<u><u>\$ 107,901</u></u>	<u><u>\$ 54,066</u></u>	<u><u>\$ 1,308,390</u></u>

See Independent Auditor's Report and Notes to Financial Statements

PEOPLE FOR IRVINE COMMUNITY HEALTH
 DBA 2-1-1 ORANGE COUNTY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 627,079	\$ 40,897	\$ 13,632	\$ 681,608
In-kind services	214,223			214,223
Telephone	72,918	4,756	1,585	79,259
Consultants	31,390	19,287	26,471	77,148
Employee benefits	55,562	3,624	1,207	60,393
Payroll taxes	57,336	3,740	1,246	62,322
Outside services	45,726		5,081	50,807
Rent	34,756	2,267	755	37,778
Depreciation	10,239	668	222	11,129
Accounting and audit		21,914		21,914
Dues and subscriptions		10,119		10,119
Travel	6,176	403	134	6,713
Office supplies	5,871	383	128	6,382
Insurance	5,211	340	113	5,664
Conferences and meetings	4,572			4,572
Professional fees		1,827		1,827
Printing and copying	5,577			5,577
Bank and payroll fees		3,147		3,147
Miscellaneous		836		836
Postage and shipping	687	45	15	747
Equipment expense	3,889	254	84	4,227
Public relations		478		478
TOTAL EXPENSES	<u><u>\$ 1,181,212</u></u>	<u><u>\$ 114,985</u></u>	<u><u>\$ 50,673</u></u>	<u><u>\$ 1,346,870</u></u>

See Independent Auditor's Report and Notes to Financial Statements

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

JUNE 30, 2012 AND 2011

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 the 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
DBA 2-1-1 ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization uses the allowance method to record doubtful receivables. For the years ended June 30, 2012 and 2011, 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 estimated 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 goods 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 goods 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
DBA 2-1-1 ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exempt Organization Status

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization is 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year financial statements presentation.

Reporting of Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 20, 2012, the date the financial statements were available to issue.

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

JUNE 30, 2012 AND 2011

NOTE 3 – PROPERTY AND EQUIPMENT

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

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Property and equipment	\$ 87,726	\$ 87,726
Less: accumulated depreciation	<u>(69,858)</u>	<u>(58,730)</u>
Net property and equipment	<u>\$ 17,868</u>	<u>\$ 28,996</u>

For the years ended June 30, 2012 and 2011, depreciation expense was \$11,128 and \$11,129, respectively.

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. All expenditures relating to this donation were expensed and not capitalized. Equipment in the amount of \$266,000 are used in operations but are not recorded on the Statement of Financial Position because title is held by the grantors.

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.

For the years ended June 30, 2012 and 2011, revenues and expenses relating to special events are as follows:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Revenue	\$ 35,968	\$ 28,430
Less: direct donor benefits	<u>(11,043)</u>	<u>(9,137)</u>
Net proceeds	<u>\$ 24,925</u>	<u>\$ 19,293</u>

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

JUNE 30, 2012 AND 2011

NOTE 5 – INKIND REVENUES AND EXPENSES

For the years ended June 30, 2012 and 2011, the Organization received and recognized donated services of \$120,096 and \$201,531 and in-kind goods of \$0 and \$12,692, respectively.

NOTE 6 – LEASE COMMITMENTS

During October 2009, the Organization entered into a three year lease for an office facility located in Irvine, CA. For the years ended June 30, 2012 and 2011, the Organization recognized rent expense of \$37,778 and \$40,702, respectively.

As of June 30, 2012, future minimum lease payments are \$12,068 through June 30, 2013.

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, 2012 and 2011, the cash balances 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 differences.