

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

FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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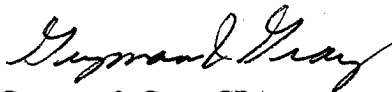
INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of People for Irvine Community Health DBA 2-1-1 Orange County, as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the company's management. 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 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 audit provides 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, at June 30, 2011 and 2010, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Guzman & Gray, CPAs
Long Beach, CA

September 19, 2011

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

ASSETS

| | June 30, | |
|--|----------------|----------------|
| | 2011 | 2010 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 113,112 | 76,958 |
| Receivables | 181,730 | 148,345 |
| Prepaid expenses | 14,131 | 10,670 |
| Total Current Assets | 308,973 | 235,973 |
| PROPERTY AND EQUIPMENT, NET | 28,996 | 40,125 |
| OTHER ASSETS | | |
| Security deposits | 2,844 | 2,844 |
| TOTAL ASSETS | \$ 340,813 | \$ 278,942 |

LIABILITIES AND ASSETS

| | | |
|---|----------------|----------------|
| CURRENT LIABILITIES | | |
| Payables | \$ 5,370 | \$ 17,444 |
| Accrued payroll | 30,635 | 25,999 |
| Accrued vacation | 25,496 | 17,773 |
| Total liabilities | 61,501 | 61,216 |
| NET ASSETS | | |
| Unrestricted | 279,312 | 206,466 |
| Temporarily restricted | 11,260 | 11,260 |
| Total Net Assets | 279,312 | 217,726 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 340,813 | \$ 278,942 |

See Independent Auditors' Report and Notes to Financial Statements

PEOPLE FOR IRVINE COMMUNITY HEALTH
 DBA 2-1-1 ORANGE COUNTY
 STATEMENTS OF ACTIVITIES
 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 Auditors' Report and Notes to Financial Statements

PEOPLE FOR IRVINE COMMUNITY HEALTH
 DBA 2-1-1 ORANGE COUNTY
 STATEMENTS OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

| | Unrestricted | Temporarily Restricted | Total |
|--|--------------|---------------------------|------------|
| REVENUE AND PUBLIC SUPPORT | | | |
| Contributions and grants | \$ 260,460 | \$ 11,260 | \$ 271,720 |
| In-kind donations | 223,058 | | 223,058 |
| Program services and grants | 728,825 | | 728,825 |
| Interest and dividends | 704 | | 704 |
| TOTAL REVENUE | 1,213,047 | | 1,224,307 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 132,500 | (132,500) | |
| TOTAL REVENUE AND PUBLIC SUPPORT | 1,345,547 | (121,240) | 1,224,307 |
| EXPENSES | | | |
| Program services | 1,102,211 | | 1,102,211 |
| Management and administration | 109,584 | | 109,584 |
| Fundraising | 46,145 | | 46,145 |
| TOTAL EXPENSES | 1,257,940 | | 1,257,940 |
| CHANGE IN NET ASSETS | 87,607 | (121,240) | (33,633) |
| BEGINNING NET ASSETS | 118,859 | 132,500 | 251,359 |
| ENDING NET ASSETS | \$ 206,466 | \$ 11,260 | \$ 217,726 |

See Independent Auditors' 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, 2011 AND 2010

| | June 30, | |
|---|-------------------|------------------|
| | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | 61,586 | (33,633) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 11,129 | 9,567 |
| Donated property and equipment | | (29,523) |
| (Increase) decrease in assets: | | |
| Receivables | (33,385) | 53,444 |
| Prepaid expenses | (3,461) | (3,651) |
| Other assets | | (19) |
| Increase (decrease) in liabilities: | | |
| Payables | (12,074) | 2,164 |
| Accrued payroll | 4,636 | 4,199 |
| Accrued vacation | 7,723 | 1,977 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 36,154 | 4,525 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 36,154 | 4,525 |
| BEGINNING CASH AND CASH EQUIVALENTS | 76,958 | 72,433 |
| ENDING CASH AND CASH EQUIVALENTS | \$ 113,112 | \$ 76,958 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | |
|---------------|------|------|
| INTEREST PAID | NONE | NONE |
| TAXES PAID | NONE | NONE |

See Independent Auditors' 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 |
| Payroll taxes | 57,336 | 3,740 | 1,246 | 62,322 |
| Employee benefits | 55,562 | 3,624 | 1,207 | 60,393 |
| Outside services | 45,726 | | 5,081 | 50,807 |
| Rent | 34,756 | 2,267 | 755 | 37,778 |
| Accounting and audit | | 21,914 | | 21,914 |
| Depreciation | 10,239 | 668 | 222 | 11,129 |
| 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 |
| Printing and copying | 5,577 | | | 5,577 |
| Conferences and meetings | 4,572 | | | 4,572 |
| Equipment expense | 3,889 | 254 | 84 | 4,227 |
| Bank and payroll fees | | 3,147 | | 3,147 |
| Professional fees | | 1,827 | | 1,827 |
| Miscellaneous | | 836 | | 836 |
| Postage and shipping | 687 | 45 | 15 | 747 |
| 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 Auditors' 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, 2010

| | <u>Program Services</u> | <u>Management and Administration</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------|-----------------------------|--|-------------------------|----------------------------|
| Salaries | \$ 522,583 | \$ 34,083 | \$ 11,361 | \$ 568,027 |
| In-kind services | 193,534 | | | 193,534 |
| Telephone | 50,833 | 3,315 | 1,105 | 55,253 |
| Consultants | 54,377 | 23,870 | 18,825 | 97,072 |
| Payroll taxes | 48,075 | 3,135 | 1,045 | 52,255 |
| Employee benefits | 48,370 | 3,155 | 1,052 | 52,577 |
| Outside services | 100,164 | | 11,129 | 111,293 |
| Rent | 37,446 | 2,442 | 814 | 40,702 |
| Accounting and audit | | 17,043 | | 17,043 |
| Depreciation | 8,802 | 574 | 191 | 9,567 |
| Dues and subscriptions | | 7,123 | | 7,123 |
| Travel | 6,336 | 413 | 138 | 6,887 |
| Office supplies | 8,068 | 526 | 175 | 8,769 |
| Insurance | 8,725 | 569 | 190 | 9,484 |
| Printing and copying | 5,848 | | | 5,848 |
| Conferences and meetings | 3,507 | | | 3,507 |
| Equipment expense | 4,619 | 301 | 100 | 5,020 |
| Bank and payroll fees | | 2,807 | | 2,807 |
| Professional fees | | 2,177 | | 2,177 |
| Miscellaneous | | 2,574 | | 2,574 |
| Postage and shipping | 924 | 60 | 20 | 1,004 |
| Public relations | | 5,417 | | 5,417 |
| TOTAL EXPENSES | <u><u>\$ 1,102,211</u></u> | <u><u>\$ 109,584</u></u> | <u><u>\$ 46,145</u></u> | <u><u>\$ 1,257,940</u></u> |

See Independent Auditors' Report and Notes to Financial Statements

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

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Financial Statement Presentation

The Financial Accounting Standards Board ("FASB") implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The codification has become the source of authoritative Generally Accepted Accounting Principles ("GAAP") recognized by FASB to be applied to nongovernmental entities. On the effective date of Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grandfathered accounting literature not included in the Codification has become non-authoritative. The change did not impact the Organization's financial statements. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification ("ASC").

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.

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

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Organization has adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

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.

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, 2011 and 2010, the Organization considers its receivables to be fully collectible and there is no allowance for doubtful accounts for the years ended June 30, 2011 and 2010.

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.

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

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Goods

In accordance with ASC 958, *Accounting for Contributions Received and Contributions Made*, the contribution of services shall be recognized 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.

Exempt Organization Status

The Organization is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code and Section 23771(d) of the California Tax Code. Contributions to the Organization are deductible for tax purposes under Section 170(c)(2) of the Internal Revenue Code.

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

Reporting of Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 19, 2011, 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, 2011 AND 2010

NOTE 2 – PROPERTY AND EQUIPMENT

A summary of property and equipment for the years ended June 30, 2011 and 2010 is as follows:

| | <u>June 30,</u> | |
|--------------------------------|------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| Property and equipment | \$ 87,726 | \$ 87,726 |
| Less: accumulated depreciation | <u>(58,730)</u> | <u>(47,601)</u> |
| Net property and equipment | <u>\$ 28,996</u> | <u>\$ 40,125</u> |

For the years ended June 30, 2011 and 2010, depreciation expense was \$11,129 and \$9,567, 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 3 – TEMPORARILY RESTRICTED NET ASSETS

For the years ended June 30, 2011 and 2010, temporarily restricted net assets are restricted for the following reasons:

| | <u>June 30,</u> | |
|---------------------|-----------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| Purpose restriction | <u>\$</u> | <u>\$ 11,260</u> |

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors.

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

JUNE 30, 2011 AND 2010

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 year ended June 30, 2011, revenues and expenses relating to special events are as follows:

| | |
|-----------------------------|------------------|
| Revenue | \$ 28,430 |
| Less: direct donor benefits | <u>(9,137)</u> |
| Net proceeds | <u>\$ 19,293</u> |

NOTE 5 – INKIND REVENUES AND EXPENSES

For the years ended June 30, 2011 and 2010, the Organization received and recognized donated services of \$201,531 and \$193,535 and in-kind goods of \$12,692 and \$29,523.

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, 2011 and 2010, the Organization recognized rent expense of \$37,778 and \$40,702, respectively.

As of June 30, 2011, future minimum lease payments are as follows:

| Year ending June 30, | |
|-------------------------|------------------|
| 2012 | \$ 34,808 |
| 2013 | <u>12,068</u> |
| Total | <u>\$ 46,876</u> |

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.

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

JUNE 30, 2011 AND 2010

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, 2011 and 2010, 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.