



Financial Statements
With Independent Auditors' Report

June 30, 2015 and 2014

**PEOPLE FOR IRVINE COMMUNITY HEALTH
dba 2-1-1 ORANGE COUNTY**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
People for Irvine Community Health
dba 2-1-1 Orange County
Santa Ana, California

We have audited the accompanying financial statements of People for Irvine Community Health, dba 2-1-1 Orange County (211 OC), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 211 OC'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 211 OC'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.

Board of Directors
People for Irvine Community Health
dba 2-1-1 Orange County
Santa Ana, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statements of financial position of People for Irvine Community Health, dba 2-1-1 Orange County as of June 30, 2015 and 2014, and the changes in activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Brea, California
February 23, 2016

**PEOPLE FOR IRVINE COMMUNITY HEALTH
dba 2-1-1 ORANGE COUNTY**

Statements of Financial Position

	June 30,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 128,379	\$ 94,332
Grants and accounts receivable	518,267	269,499
Prepaid expenses and deposits	14,059	6,210
Property and equipment, net	946	9,648
Total Assets	\$ 661,651	\$ 379,689
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 165,774	\$ 66,857
Accrued expenses	43,315	20,586
Notes payable	150,051	35,245
Total liabilities	359,140	122,688
Net assets:		
Unrestricted	(95,580)	257,001
Temporarily restricted	398,091	-
Total net assets	302,511	257,001
Total Liabilities and Net Assets	\$ 661,651	\$ 379,689

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Grants and contributions	\$ 1,058,068	\$ 440,183	\$ 1,498,251	\$ 1,187,818	\$ -	\$ 1,187,818
Program income	1,307,492	-	1,307,492	292,450	-	292,450
Other income	516	-	516	683	-	683
OCP acquisition grant	-	-	-	83,949	-	83,949
Net assets released from restrictions:						
Satisfaction of donor restrictions	42,092	(42,092)	-	51,106	(51,106)	-
Total Support, Revenue, and Reclassifications	2,408,168	398,091	2,806,259	1,616,006	(51,106)	1,564,900
EXPENSES:						
Program services	2,188,172	-	2,188,172	1,270,761	-	1,270,761
Supporting activities:						
General and administrative	394,859	-	394,859	200,612	-	200,612
Fundraising	177,718	-	177,718	24,973	-	24,973
	<u>572,577</u>	<u>-</u>	<u>572,577</u>	<u>225,585</u>	<u>-</u>	<u>225,585</u>
Total Expenses	2,760,749	-	2,760,749	1,496,346	-	1,496,346
Change in Net Assets	(352,581)	398,091	45,510	119,660	(51,106)	68,554
Net Assets, Beginning of Year	257,001	-	257,001	137,341	51,106	188,447
Net Assets, End of Year	<u>\$ (95,580)</u>	<u>\$ 398,091</u>	<u>\$ 302,511</u>	<u>\$ 257,001</u>	<u>\$ -</u>	<u>\$ 257,001</u>

See notes to financial statements

**PEOPLE FOR IRVINE COMMUNITY HEALTH
dba 2-1-1 ORANGE COUNTY**

Statements of Functional Expenses

Year Ended June 30,

	2015				2014			
	Program Services	Supporting Activities		Total	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising			General and Administrative	Fundraising	
Wages and benefits	\$ 1,299,144	\$ 189,123	\$ 60,570	\$ 1,548,837	\$ 831,546	\$ 92,394	\$ -	\$ 923,940
Information technology	180,827	6,991	9,213	197,031	81,266	-	-	81,266
HMIS services and subcontractors	21,740	19,234	2,176	43,150	74,715	5,749	-	80,464
Equipment and software	13,415	1,850	925	16,190	20,393	-	-	20,393
Rent and facilities	193,019	43,792	10,186	246,997	141,154	15,684	-	156,838
Depreciation	-	8,702	-	8,702	-	2,124	-	2,124
Professional services	348,237	104,114	91,406	543,757	44,824	38,580	17,789	101,193
Operating expenses	131,790	21,053	3,242	156,085	76,863	46,081	7,184	130,128
Total	\$ 2,188,172	\$ 394,859	\$ 177,718	\$ 2,760,749	\$ 1,270,761	\$ 200,612	\$ 24,973	\$ 1,496,346

See notes to financial statements

**PEOPLE FOR IRVINE COMMUNITY HEALTH
dba 2-1-1 ORANGE COUNTY**

Statements of Cash Flows

	Year Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 45,510	\$ 68,554
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	8,702	2,124
Noncash acquisition grant	-	(74,330)
Net change in:		
Grants and accounts receivable	(248,768)	(104,849)
Prepaid expenses and deposits	(7,849)	14,150
Accounts payable	98,917	(22,336)
Accrued expenses	22,729	(27,619)
Deferred revenue	-	(21,590)
Net Cash Used in Operating Activities	<u>(80,759)</u>	<u>(165,896)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	59,806	35,245
New notes payable	55,000	-
Net Cash Provided by Financing Activities	<u>114,806</u>	<u>35,245</u>
Change in Cash and Cash Equivalents	34,047	(130,651)
Cash and Cash Equivalents, Beginning of Year	<u>94,332</u>	<u>224,983</u>
Cash and Cash Equivalents, End of Year	<u>\$ 128,379</u>	<u>\$ 94,332</u>

See notes to financial statements

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

Notes to Financial Statements

June 30, 2015 and 2014

1. NATURE OF ORGANIZATION:

People for Irvine Community Health was established in 1984 and is known as 2-1-1 Orange County (211 OC). On April 1, 2004, the Public Utilities Commission of the state of California authorized 211 OC to use the 2-1-1 abbreviated dialing code to provide information and referral 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 information and referral providers. 211 OC is a California not-for-profit corporation.

On April 1, 2014, 211 OC officially took over operations of another California not-for-profit organization, OC Partnership (OCP). OCP was legally dissolved and all assets and liabilities were transferred to 211 OC. The mission of OCP was to be a leader and catalyst in promoting, creating, building, supporting, and sustaining viable solutions to homelessness, hunger, and inadequate health care in Orange County, California. OCP coordinated with a group of public and private organizations who support their efforts and work with them toward strengthening Orange County's system of care. As a result of the OCP acquisition, 211 OC acquired \$123,217 of assets and \$39,268 of liabilities, which resulted in \$83,949 of revenue reported as OCP acquisition grant on the accompanying statements of activities.

211 OC is now focused on providing the support that both organizations previously provided independently. The organization's primary source of revenue consists of tax-deductible contributions from government and foundation grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of 211 OC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by 211 OC are described below.

CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents consist primarily of cash on deposit. These accounts may, at times, exceed federally insured limits. 211 OC has not experienced any losses on such accounts.

GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consist primarily of grants receivable from government entities and private foundations. All amounts are expected to be collected within one year. At June 30, 2015 and 2014, management believes these amounts are fully collectible and no allowances have been established.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Donated items are recorded at fair value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from 3 to 7 years.

PEOPLE FOR IRVINE COMMUNITY HEALTH
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Notes to Financial Statements

June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts by the following net asset classifications:

Unrestricted net assets are currently available at the discretion of the board of directors for use in the operations and those resources invested in property and equipment.

Temporarily restricted net assets are contributed with donor stipulations for specific programs and purposes, as well as grants not yet received.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to 211 OC. Conditional promises-to-give are recognized as revenue when the conditions on which they depend are substantially met.

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when funds are spent to purchase or construct the property or other long-lived asset.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

PEOPLE FOR IRVINE COMMUNITY HEALTH
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Notes to Financial Statements

June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis on the accompanying statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities.

ALLOCATION OF JOINT COSTS

211 OC has implemented the Joint Cost topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). For the year ended June 30, 2015 and 2014, there were no joint costs.

USE OF ESTIMATES

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

INCOME TAX STATUS

211 OC is qualified as a California nonprofit public benefit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding California provisions. No provision for federal or state income taxes have been included in the financial statements. Contributions by the public are deductible for income tax purposes.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2015 and 2014, 211 OC had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

211 OC files information tax returns in the U.S. and California. 211 OC is subject to income tax examinations for the current year and certain prior years based on applicable laws and regulations.

**PEOPLE FOR IRVINE COMMUNITY HEALTH
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Notes to Financial Statements

June 30, 2015 and 2014

3. PROPERTY AND EQUIPMENT:

Property and equipment as of June 30, 2015 and 2014, consist of:

	2015	2014
Leasehold improvements	\$ 4,725	\$ 4,725
Furniture and equipment	306,451	306,451
	311,176	311,176
Less accumulated depreciation	(310,230)	(301,528)
	\$ 946	\$ 9,648

4. LEASES:

211 OC leases office space under operating leases ending November 2017. Lease expense for the years ended June 30, 2015 and 2014, was \$119,700 and \$36,753, respectively. The minimum future payments are:

<u>Year Ending June 30,</u>	
2016	\$ 103,398
2017	103,398
2018	22,102
	\$ 228,898

5. NOTES PAYABLE:

Notes payable consists of the following line of credit and short-term loans:

211 OC has a \$100,000 revolving credit line with a financial institution. As of June 30, 2015 and 2014, the outstanding balances were \$94,976 and \$35,245, respectively.

211 OC also has two private loans obtained in June 2015 in the amounts of \$5,000 and \$50,000, respectively. The \$50,000 loan is secured with future receivables. Both loans have interest rates of 3%. The \$50,000 was repaid in two installments in December 2015 and February 2016.

6. RELATED PARTY:

During the year ended June 30, 2015, 211 OC obtained an unsecured short-term loan from a board member, in the amount of \$5,000. The loan was repaid in December 2015.

7. SUBSEQUENT EVENTS:

Subsequent events occurring after June 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.