



Financial Statements  
With Independent Auditors' Report

June 30, 2017 and 2016

**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 (211OC), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 211OC'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 211OC'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, 2017 and 2016, and the changes in activities, statements of functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crause LLP*

Brea, California  
August 3, 2018

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

**Statements of Financial Position**

	June 30,	
	2017	2016
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 254,893	\$ 81,647
Grants and accounts receivable	334,220	543,315
Prepaid expenses, deposits, and other assets	61,351	10,014
<b>Total Assets</b>	<b>\$ 650,464</b>	<b>\$ 634,976</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable	\$ 159,531	\$ 171,170
Accrued expenses	138,404	103,777
Notes payable	80,019	99,556
<b>Total liabilities</b>	<b>377,954</b>	<b>374,503</b>
Net assets:		
Unrestricted	92,024	160,473
Temporarily restricted	180,486	100,000
<b>Total net assets</b>	<b>272,510</b>	<b>260,473</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 650,464</b>	<b>\$ 634,976</b>

See notes to financial statements

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

**Statements of Activities**

	Year Ended June 30,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Private grants and contributions	\$ 443,168	\$ 220,793	\$ 663,961	\$ 324,286	\$ 283,824	\$ 608,110
Government grants and contracts	2,839,493	-	2,839,493	1,778,876	-	1,778,876
Special events, net	27,502	-	27,502	-	-	-
Other income	8,520	-	8,520	7,663	-	7,663
Net assets released from restrictions:						
Satisfaction of donor restrictions	140,307	(140,307)	-	581,915	(581,915)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b>3,458,990</b>	<b>80,486</b>	<b>3,539,476</b>	<b>2,692,740</b>	<b>(298,091)</b>	<b>2,394,649</b>
EXPENSES:						
Program services	2,710,816	-	2,710,816	1,860,420	-	1,860,420
Supporting activities:						
General and administrative	579,151	-	579,151	468,310	-	468,310
Fundraising	237,472	-	237,472	107,957	-	107,957
	816,623	-	816,623	576,267	-	576,267
<b>Total Expenses</b>	<b>3,527,439</b>	<b>-</b>	<b>3,527,439</b>	<b>2,436,687</b>	<b>-</b>	<b>2,436,687</b>
Change in Net Assets	(68,449)	80,486	12,037	256,053	(298,091)	(42,038)
Net Assets, Beginning of Year	160,473	100,000	260,473	(95,580)	398,091	302,511
Net Assets, End of Year	\$ 92,024	\$ 180,486	\$ 272,510	\$ 160,473	\$ 100,000	\$ 260,473

See notes to financial statements

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

**Statements of Functional Expenses**

	Year Ended June 30,								
	2017				2016				
	Program Services	Supporting Activities General and Administrative		Fundraising	Total	Program Services	Supporting Activities General and Administrative		Fundraising
Wages and benefits	\$ 1,593,331	\$ 466,142	\$ 133,950	\$ 2,193,423	\$ 1,325,391	\$ 339,660	\$ 55,014	\$ 1,720,065	
Information technology	165,795	11,506	6,865	184,166	177,786	1,672	2,497	181,955	
HMIS services and subcontractors	129,487	2,845	10	132,342	650	-	-	650	
Equipment and software	14,604	3,341	675	18,620	16,828	124	1,028	17,980	
Rent and facilities	141,778	27,048	4,949	173,775	153,570	21,799	2,825	178,194	
Depreciation	-	-	-	-	-	946	-	946	
Professional services	340,384	29,535	70,355	440,274	62,395	67,034	44,592	174,021	
Operating expenses	325,437	38,734	20,668	384,839	123,800	37,075	2,001	162,876	
<b>Total</b>	<b>\$ 2,710,816</b>	<b>\$ 579,151</b>	<b>\$ 237,472</b>	<b>\$ 3,527,439</b>	<b>\$ 1,860,420</b>	<b>\$ 468,310</b>	<b>\$ 107,957</b>	<b>\$ 2,436,687</b>	

See notes to financial statements

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

**Statements of Cash Flows**

	Year Ended June 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 12,037	\$ (42,038)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	946
Allowance for doubtful accounts	5,000	-
Net change in:		
Grants and accounts receivable	204,095	(25,048)
Prepaid expenses and deposits	(51,337)	4,045
Accounts payable	(11,639)	5,396
Accrued expenses	34,627	60,462
Net Cash Provided by Operating Activities	192,783	3,763
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on notes payable	32,222	47,206
Principal payments on notes payable	(51,759)	(97,701)
Net Cash Used in Financing Activities	(19,537)	(50,495)
Change in Cash and Cash Equivalents	173,246	(46,732)
Cash and Cash Equivalents, Beginning of Year	81,647	128,379
Cash and Cash Equivalents, End of Year	\$ 254,893	\$ 81,647

See notes to financial statements



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

**Notes to Financial Statements**

June 30, 2017 and 2016

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 211OC 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.

Additionally, 211OC has expanded its service offerings 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. 211OC coordinates with a group of public and private organizations who support our efforts and work with them toward strengthening Orange County's system of care. The organization's primary source of revenue consists of tax-deductible contributions and support from governmental entities and private foundation grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of 211OC 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 211OC 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. At June 30, 2017 and 2016, 211OC's cash balances exceeded federally insured limits by \$4,204 and \$0, respectively. 211OC does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage. 211OC 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. Balances that remain outstanding after reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. For the years ended June 30, 2017 and 2016, balances in the allowance for doubtful accounts were \$5,000 and \$0, respectively.

**PEOPLE FOR IRVINE COMMUNITY HEALTH  
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**Notes to Financial Statements**

June 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

Purchased property and equipment with a value of \$5,000 or greater is capitalized and stated at cost, net of accumulated depreciation and amortization. Property and equipment is reported at fair value on the date of the gift, net of accumulated depreciation and amortization. Furniture and equipment is depreciated over its estimated useful lives on a straight-line basis. The useful lives of fixed assets range from three to seven years.

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 211OC. 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, 2017 and 2016

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. For the years ended June 30, 2017 and 2016, there were no joint costs.

TAX EXEMPT STATUS

211OC is tax exempt under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California and, generally is not subject to state and federal income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which 211OC was granted exemption. Management has not recorded an income tax provision for the years ended June 30, 2017 and 2016, respectively. Additionally, contributions by the public are deductible for income tax purposes.

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.

REVENUE CONCENTRATION

Each year, 211OC applies for an annual grant renewal from the U.S. Department of Housing and Urban Development (HUD), which constituted 40% of total revenue received during the year ended June 30, 2017 and 21% of total revenue received during the year ended June 30, 2016.

3. PROPERTY AND EQUIPMENT:

Property and equipment as of June 30, 2017 and 2016, consist of:

	June 30,	
	2017	2016
Leasehold improvements	\$ 4,725	\$ 4,725
Furniture and equipment	306,451	306,451
	311,176	311,176
Less accumulated depreciation	(311,176)	(311,176)
	\$ -	\$ -

**PEOPLE FOR IRVINE COMMUNITY HEALTH  
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**Notes to Financial Statements**

June 30, 2017 and 2016

4. LEASES:

211OC leases office space and copier equipment under operating leases ending April 2020 and May 2021, respectively. Lease expense for the years ended June 30, 2017 and 2016, was \$119,280 and \$118,433, respectively. The minimum future payments are:

<u>Year Ending June 30,</u>	
2018	\$ 107,802
2019	109,836
2020	94,468
2021	<u>8,390</u>
	<u><u>\$ 320,496</u></u>

5. NOTES PAYABLE:

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

211OC has a \$100,000 revolving credit line payable to a financial institution with an interest rate of 8.0%. As of June 30, 2017 and 2016, the outstanding balances were \$80,019 and \$94,556, respectively.

211OC had a \$5,000 private loan. The loan was unsecured and had an interest rate of 3%. As of June 30, 2017 and 2016, the outstanding balances were \$0 and \$5,000, respectively.

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

**Notes to Financial Statements**

June 30, 2017 and 2016

6. RELATED PARTY:

During the year ended June 30, 2016, 211OC obtained two unsecured short-term loans from board members each in the amount of \$5,000. One loan was repaid as of June 30, 2016. As of June 30, 2017, the remaining loan was repaid. Additionally, during the year ended June 30, 2017, 211OC obtained an unsecured short term loan from a board member in the amount of \$20,000. The loan was repaid on December 2, 2016.

Additionally, 211OC has related party transactions with organizations affiliated with board members as follows:

One board member contributed accounting services. The value of these services was \$19,800 and \$0 during the years ended June 30, 2017 and 2016, respectively.

Two board members provided legal services through their respective firms. The value of these donated services was \$62,515 and \$0 during the years ended June 30, 2017 and 2016, respectively.

During the years ended June 30, 2017 and 2016, one board member served as interim City Manager of the city of Garden Grove (through September 2016). A contract with the City of Garden Grove generated \$8,000 and \$8,090 of program revenue, and a secondary contract expended \$0 and \$1,616 in occupancy and computer service costs during the years ended June 30, 2017 and 2016, respectively.

One board member also serves on the board of OneOC. 211OC obtained \$43,781 and \$75,091 of grant revenue from and paid a database membership fee of \$225 and \$255 to OneOC during the years ended June 30, 2017 and 2016, respectively.

A company where a board member presently works donated strategic planning services at a fair value of \$15,000 and \$30,000 for the years ended June 30, 2017 and 2016, respectively.

A company where two board members presently work donated in-kind goods at a fair value of \$15,375 and \$0 during the years ended June 30, 2017 and 2016, respectively.

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

**Notes to Financial Statements**

June 30, 2017 and 2016

7. SUBSEQUENT EVENTS:

211OC restructured a grant with HUD and the County of Orange for fiscal year 2019. The estimated revenue for fiscal years 2018 and 2019 is expected to remain consistent. Management does not expect the restructuring of the grant agreement to have a material financial impact on the organization through fiscal year 2019

Subsequent events have been evaluated through August 3, 2018, which represents the date the financial statements were available to be issued.