



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

Financial Statements
With Independent Auditors' Report

June 30, 2018 and 2017

**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, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenss, 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 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.

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, 2018 and 2017, 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
April 17, 2020

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

Statements of Financial Position

	June 30,	
	2018	2017
ASSETS:		
Cash and cash equivalents	\$ 168,080	\$ 254,893
Grants and accounts receivable, net	275,275	334,220
Prepaid expenses, deposits, and other assets	55,544	61,351
	<u>498,899</u>	<u>650,464</u>
Total Assets	\$ 498,899	\$ 650,464
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 269,958	\$ 159,531
Accrued expenses	147,010	138,404
Note payable	70,886	80,019
	<u>487,854</u>	<u>377,954</u>
Total liabilities	487,854	377,954
Net assets:		
Unrestricted	(166,761)	92,024
Temporarily restricted	177,806	180,486
Total net assets	11,045	272,510
Total Liabilities and Net Assets	\$ 498,899	\$ 650,464

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Private grants and contributions	\$ 250,298	\$ 177,806	\$ 428,104	\$ 443,168	\$ 220,793	\$ 663,961
Government grants and contracts	3,024,472	-	3,024,472	2,839,493	-	2,839,493
Contributed services	175,683	-	175,683	-	-	-
Special events, net	15,919	-	15,919	27,502	-	27,502
Other income	1,702	-	1,702	8,520	-	8,520
Net assets released from restrictions:						
Satisfaction of donor restrictions	180,486	(180,486)	-	140,307	(140,307)	-
Total Support, Revenue, and Reclassifications	3,648,560	(2,680)	3,645,880	3,458,990	80,486	3,539,476
EXPENSES:						
Program services	2,987,729	-	2,987,729	2,710,816	-	2,710,816
Supporting activities:						
General and administrative	726,822	-	726,822	579,151	-	579,151
Fundraising	192,794	-	192,794	237,472	-	237,472
Total Expenses	3,907,345	-	3,907,345	3,527,439	-	3,527,439
Change in Net Assets	(258,785)	(2,680)	(261,465)	(68,449)	80,486	12,037
Net Assets, Beginning of Year	92,024	180,486	272,510	160,473	100,000	260,473
Net Assets, End of Year	<u>\$ (166,761)</u>	<u>\$ 177,806</u>	<u>\$ 11,045</u>	<u>\$ 92,024</u>	<u>\$ 180,486</u>	<u>\$ 272,510</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,								
	2018				2017				
	Program Services	Supporting Activities General and Administrative		Fundraising	Total	Program Services	Supporting Activities General and Administrative		Fundraising
Wages and benefits	\$ 1,858,314	\$ 475,006	\$ 115,766	\$ 2,449,086	\$ 1,803,341	\$ 473,445	\$ 137,047	\$ 2,413,833	
Information technology	548,960	2,993	6,423	558,376	165,795	11,506	6,865	184,166	
Equipment and software	14,140	2,680	1,027	17,847	14,604	3,341	675	18,620	
Rent and facilities	159,368	21,886	6,752	188,006	141,778	27,048	4,949	173,775	
Professional services	339,397	184,566	51,913	575,876	469,871	32,380	70,365	572,616	
Other expenses	67,550	39,691	10,913	118,154	115,427	31,431	17,571	164,429	
Total	\$ 2,987,729	\$ 726,822	\$ 192,794	\$ 3,907,345	\$ 2,710,816	\$ 579,151	\$ 237,472	\$ 3,527,439	

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (261,465)	\$ 12,037
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Allowance for doubtful accounts	5,000	5,000
Net change in:		
Grants and accounts receivable	53,945	204,095
Prepaid expenses, deposits, and other assets	5,807	(51,337)
Accounts payable	110,427	(11,639)
Accrued expenses	8,606	34,627
Net Cash (Used In) Provided by Operating Activities	(77,680)	192,783
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on note payable	6,960	32,222
Principal payments on note payable	(16,093)	(51,759)
Net Cash Used in Financing Activities	(9,133)	(19,537)
Change in Cash and Cash Equivalents	(86,813)	173,246
Cash and Cash Equivalents, Beginning of Year	254,893	81,647
Cash and Cash Equivalents, End of Year	\$ 168,080	\$ 254,893
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 11,536	\$ 11,281

See notes to financial statements

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

Notes to Financial Statements

June 30, 2018 and 2017

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, 2018 and 2017, 211OC's cash balances did not exceed federally insured limits.

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 each of the years ended June 30, 2018 and 2017, balance in the allowance for doubtful accounts were \$5,000 for both years.

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.

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

Notes to Financial Statements

June 30, 2018 and 2017

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.

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
DBA 2-1-1 ORANGE COUNTY**

Notes to Financial Statements

June 30, 2018 and 2017

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 functional expenses. Accordingly, certain costs, such as wages and benefits, have been allocated among the program services and supporting activities. For the years ended June 30, 2018 and 2017, 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.

REVENUE CONCENTRATION

Each year, 211OC applies for an annual grant renewal from the U.S. Department of Housing and Urban Development (HUD), which constituted 45% of total revenue received during the year ended June 30, 2018 and 44% of total revenue received during the year ended June 30, 2017.

3. PROPERTY AND EQUIPMENT:

Property and equipment as of June 30, 2018 and 2017, consist of:

	June 30,	
	2018	2017
Leasehold improvements	\$ 4,725	\$ 4,725
Furniture and equipment	306,451	306,451
	311,176	311,176
Less accumulated depreciation	(311,176)	(311,176)
	\$ -	\$ -

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, 2018 and 2017, was \$119,647 and \$119,280, respectively. The minimum future payments are:

<u>Year Ending June 30,</u>	
2019	\$ 108,396
2020	93,028
2021	7,713
	\$ 209,138

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

Notes to Financial Statements

June 30, 2018 and 2017

5. NOTE PAYABLE:

Notes payable consists of a \$100,000 revolving credit line payable to a financial institution with an effective interest rate of 8.0%. As of June 30, 2018 and 2017, the outstanding balance was \$70,886 and \$80,019, respectively.

6. RELATED PARTY:

During the year ended June 30, 2017, 211OC had two unsecured short term loans from board members in the amount of \$25,000. Both loans were repaid as of June 30, 2017.

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 approximately \$0 and \$20,000 during the years ended June 30, 2018 and 2017, respectively.

Two board members provided legal services through their respective firms. The value of these donated services was approximately \$28,000 and \$63,000 during the years ended June 30, 2018 and 2017, 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 approximately \$5,000 and \$8,000 of program revenue during the years ended June 30, 2018 and 2017, respectively.

One board member also serves on the board of OneOC. 211OC obtained approximately \$1,000 and \$44,000 of grant revenue from and paid a database membership fee of \$0 and \$255 to OneOC during the years ended June 30, 2018 and 2017, respectively.

A company where a board member presently works, donated strategic planning services at a fair value of \$0 and \$15,000 for the years ended June 30, 2018 and 2017, respectively.

A company where two board members presently works, donated in-kind goods at a fair value of approximately \$0 and \$15,000 during the years ended June 30, 2018 and 2017, respectively.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 17, 2020, which represents the date the financial statements were available to be issued.