



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

Financial Statements  
With Independent Auditors' Report

June 30, 2020 and 2019

**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, 2020 and 2019, 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 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, 2020 and 2019, 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 Crause LLP*

Brea, California  
January 13, 2021

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

**Statements of Financial Position**

	June 30,	
	2020	2019
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 428,913	\$ 25,486
Grants and accounts receivable, net	276,101	212,592
Prepaid expenses, deposits, and other assets	30,457	41,243
	<b>\$ 735,471</b>	<b>\$ 279,321</b>
<b>Total Assets</b>	<b>\$ 735,471</b>	<b>\$ 279,321</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable	\$ 86,391	\$ 93,177
Accrued expenses	187,650	283,932
Notes payable	100,344	62,737
Paycheck Protection Program loan	230,979	-
Total liabilities	605,364	439,846
Net assets:		
Without donor restrictions	63,440	(235,192)
With donor restrictions	66,667	74,667
Total net assets	130,107	(160,525)
<b>Total Liabilities and Net Assets</b>	<b>\$ 735,471</b>	<b>\$ 279,321</b>

See notes to financial statements

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

**Statements of Activities**

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Private grants and contributions	\$ 704,070	\$ 50,000	\$ 754,070	\$ 195,901	\$ 73,000	\$ 268,901
Government grants and contracts	2,035,496	-	2,035,496	2,286,845	-	2,286,845
Contributed services	251,294	-	251,294	355,166	-	355,166
Program service fees and other income	174,139	-	174,139	158,395	-	158,395
Net assets released from restrictions:						
Satisfaction of donor restrictions	58,000	(58,000)	-	176,139	(176,139)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b>3,222,999</b>	<b>(8,000)</b>	<b>3,214,999</b>	<b>3,172,446</b>	<b>(103,139)</b>	<b>3,069,307</b>
<b>EXPENSES:</b>						
Program services	2,542,554	-	2,542,554	2,770,996	-	2,770,996
Supporting activities:						
General and administrative	272,043	-	272,043	347,090	-	347,090
Fundraising	109,770	-	109,770	122,791	-	122,791
<b>Total Expenses</b>	<b>2,924,367</b>	<b>-</b>	<b>2,924,367</b>	<b>3,240,877</b>	<b>-</b>	<b>3,240,877</b>
Change in Net Assets	298,632	(8,000)	290,632	(68,431)	(103,139)	(171,570)
Net Assets, Beginning of Year	(235,192)	74,667	(160,525)	(166,761)	177,806	11,045
Net Assets, End of Year	<b>\$ 63,440</b>	<b>\$ 66,667</b>	<b>\$ 130,107</b>	<b>\$ (235,192)</b>	<b>\$ 74,667</b>	<b>\$ (160,525)</b>

See notes to financial statements

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

**Statements of Functional Expenses**

	Year Ended June 30,								
	2020				2019				
	Program Services	Supporting Activities General and Administrative		Fundraising	Total	Program Services	Supporting Activities General and Administrative		Fundraising
Wages and benefits	\$ 1,848,258	\$ 73,045	\$ 68,247	\$ 1,989,550	\$ 1,941,902	\$ 141,620	\$ 89,078	\$ 2,172,600	
Professional services	266,787	155,741	20,970	443,498	392,414	100,339	9,261	502,014	
Information technology	219,506	3,124	6,916	229,546	200,401	6,167	10,355	216,923	
Rent and facilities	170,805	12,163	6,105	189,073	170,452	12,265	3,137	185,854	
Equipment and software	12,100	2,681	-	14,781	10,227	8,030	275	18,532	
Other expenses	25,098	25,289	7,532	57,919	55,600	78,669	10,685	144,954	
<b>Total</b>	<b>\$ 2,542,554</b>	<b>\$ 272,043</b>	<b>\$ 109,770</b>	<b>\$ 2,924,367</b>	<b>\$ 2,770,996</b>	<b>\$ 347,090</b>	<b>\$ 122,791</b>	<b>\$ 3,240,877</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,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 290,632	\$ (171,570)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Forgiveness of Paycheck Protection Program loan	(126,093)	-
Net change in:		
Grants and accounts receivable	(63,509)	62,683
Prepaid expenses, deposits, and other assets	10,786	14,301
Accounts payable	(6,786)	(176,781)
Accrued expenses	(96,282)	136,922
Net Cash Provided (Used) by Operating Activities	8,748	(134,445)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on note payable	51,906	6,724
Borrowings on Paycheck Protection Program loan	357,072	-
Principal payments on note payable	(14,299)	(14,873)
Net Cash Provided (Used) by Financing Activities	394,679	(8,149)
Change in Cash and Cash Equivalents	403,427	(142,594)
Cash and Cash Equivalents, Beginning of Year	25,486	168,080
Cash and Cash Equivalents, End of Year	\$ 428,913	\$ 25,486
<b>SUPPLEMENTAL DISCLOSURES AND NON-CASH TRANSACTION:</b>		
Cash paid for interest	\$ 13,056	\$ 12,682
Forgiveness of Paycheck Protection Program loan	\$ 126,093	\$ -

See notes to financial statements



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

## Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

People for Irvine Community Health was established in 1984 and is known as 2-1-1 Orange County (211OC). 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. 211OC 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. 211OC'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

Cash and cash equivalents consist primarily of cash on deposit. At June 30, 2020 and 2019, 211OC's cash balances exceeded federally insured limits by approximately \$184,000 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 each of the years ended June 30, 2020 and 2019, the balance in the allowance for doubtful accounts was \$5,000.

### 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, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**NET ASSETS**

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

*Net assets without donor restrictions* are currently available at the discretion of the board of directors for use in operations.

*Net assets with donor restrictions* are contributed with donor stipulations for specific programs and purposes, as well as grants not yet received.

All contributions are considered available without donor restriction 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 with donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions 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 the asset is placed in service.

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

**CONTRIBUTED SERVICES**

Donated services are recognized as contributions if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the years ended June 30, 2020 and 2019, 211OC received donated legal and technology services totaling approximately \$251,000 and \$355,000, respectively. These amounts were recorded as a contribution and expense in the statements of activities.

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

**Notes to Financial Statements**

June 30, 2020 and 2019

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 based on time and effort by employees for payroll costs and square footage for utilities and depreciation. For the years ended June 30, 2020 and 2019, 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 annual grant renewals from the U.S. Department of Housing and Urban Development (HUD) and County of Orange which constituted 60% and 62% of total revenue received for the years ended June 30, 2020 and 2019, respectively. Management recognizes the operational implications of the concentration.

**RECENTLY ADOPTED ACCOUNTING STANDARDS**

During the year ended June 30, 2020, 211OC adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides guidance on determining whether a transaction should be accounted for as an exchange transaction and provides criteria for when the contribution can be recognized as revenue. This ASU had no impact to revenue or net assets.

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	June 30,	
	2020	2019
Leasehold improvements	\$ 3,780	\$ 4,725
Furniture and equipment	306,451	306,451
	310,231	311,176
Less accumulated depreciation	(310,231)	(311,176)
	<u>\$ -</u>	<u>\$ -</u>

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

**Notes to Financial Statements**

June 30, 2020 and 2019

4. LEASES:

211OC leases office space and copier equipment under operating leases ending October 2021 and August 2024, respectively. Lease expense for the years ended June 30, 2020 and 2019, was approximately \$112,000 and \$119,000, respectively. The minimum future payments are:

<u>Year Ending June 30,</u>	
2021	\$ 58,256
2022	10,867
2023	10,867
2024	<u>1,324</u>
	<u><u>\$ 81,314</u></u>

5. NOTES PAYABLE:

Notes payable consist of:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
\$100,000 revolving credit line payable to a financial institution with an effective interest rate of 9.5%.	\$ 90,344	\$ 62,737
Other notes payable	<u>10,000</u>	<u>-</u>
	<u><u>\$ 100,344</u></u>	<u><u>\$ 62,737</u></u>

6. PAYCHECK PROTECTION PROGRAM LOAN:

As part of the response to the impact of COVID-19, 211OC was approved for a Paycheck Protection Program (PPP) Loan of approximately \$357,000, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. The loan accrues interest at 1% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if 211OC meets certain loan stipulations. At June 30, 2020, approximately \$126,000 of the loan was recognized as forgiven.

7. FINANCIAL CONDITION:

During the year ended June 30, 2020, management implemented an expense reduction strategy to improve 211OC's financial condition. 211OC also used funding in place to cover any temporary cash flow shortfalls and was able to increase general cash flow through additional fundraising efforts. The result was an increase in net assets of approximately \$291,000 and positive net assets of approximately \$130,000.

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

**Notes to Financial Statements**

June 30, 2020 and 2019

8. RELATED PARTY:

During the years ended June 30, 2020 and 2019, a board member donated technology services at a fair value of approximately \$151,000 and \$279,000, respectively.

211OC had related party transactions with organizations affiliated with board members as follows:

Two board members provided legal services through their respective firms. The value of these donated services was approximately \$96,000 and \$75,000, during the years ended June 30, 2020 and 2019, respectively.

Three board members provided loans to 211OC each in the amount of \$5,000 for a total of \$15,000 during the year ended June 30, 2020. All loans were repaid as of April 2020.

9. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects 211OC'S financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. 211OC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The financial assets are available to fund operating and funding requirements.

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 428,913	\$ 25,486
Grants and accounts receivable, net	<u>276,101</u>	<u>212,592</u>
Financial assets, at year-end:	<u>\$ 705,014</u>	<u>\$ 238,078</u>

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

**Notes to Financial Statements**

June 30, 2020 and 2019

10. RISKS AND UNCERTAINTIES:

211OC's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on 211OC's financial position, operations and cash flows. The financial impact cannot be estimated at this time because the duration of the pandemic cannot be estimated.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 13, 2021, which represents the date the financial statements were available to be issued.