



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

Financial Statements
With Independent Auditors' Report

June 30, 2021 and 2020

**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, 2021 and 2020, 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, 2021 and 2020, 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
December 6, 2021

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

Statements of Financial Position

	June 30,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 254,090	\$ 428,913
Grants and accounts receivable, net	395,271	276,101
Prepaid expenses, deposits, and other assets	144,273	30,457
Property and equipment, net	18,341	-
Total Assets	\$ 811,975	\$ 735,471
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 96,168	\$ 86,391
Accrued expenses	119,863	187,650
Deferred revenue	10,467	-
Notes payable	79,992	100,344
Paycheck Protection Program loan	-	230,979
Total liabilities	306,490	605,364
Net assets:		
Without donor restrictions	348,397	63,440
With donor restrictions	157,088	66,667
Total net assets	505,485	130,107
Total Liabilities and Net Assets	\$ 811,975	\$ 735,471

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Government grants and contracts	\$ 3,641,151	\$ -	\$ 3,641,151	\$ 2,035,496	\$ -	\$ 2,035,496
Program service fees	769,430	-	769,430	174,139	-	174,139
Private grants and contributions	369,061	157,088	526,149	704,070	50,000	754,070
Contributed services	256,891	-	256,891	251,294	-	251,294
Other Income	339	-	339	-	-	-
Net assets released from restrictions:						
Satisfaction of donor restrictions	66,667	(66,667)	-	58,000	(58,000)	-
Total Support, Revenue, and Reclassifications	5,103,539	90,421	5,193,960	3,222,999	(8,000)	3,214,999
EXPENSES:						
Program services	4,528,744	-	4,528,744	2,542,554	-	2,542,554
Supporting activities:						
General and administrative	189,757	-	189,757	272,043	-	272,043
Fundraising	100,081	-	100,081	109,770	-	109,770
Total Expenses	4,818,582	-	4,818,582	2,924,367	-	2,924,367
Change in Net Assets	284,957	90,421	375,378	298,632	(8,000)	290,632
Net Assets, Beginning of Year	63,440	66,667	130,107	(235,192)	74,667	(160,525)
Net Assets, End of Year	\$ 348,397	\$ 157,088	\$ 505,485	\$ 63,440	\$ 66,667	\$ 130,107

See notes to financial statements

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

Statements of Functional Expenses

Year Ended June 30,

	2021				2020			
	Program Services	Supporting Activities		Total	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising			General and Administrative	Fundraising	
Wages and benefits	\$ 2,437,600	\$ 72,982	\$ 46,153	\$ 2,556,735	\$ 1,848,258	\$ 73,045	\$ 68,247	\$ 1,989,550
Professional services	1,467,914	47,929	34,037	1,549,880	266,787	155,741	20,970	443,498
Information technology	374,139	12,882	6,146	393,167	219,506	3,124	6,916	229,546
Rent and facilities	167,762	22,343	3,267	193,372	170,805	12,163	6,105	189,073
Equipment and software	9,784	3,213	-	12,997	12,100	2,681	-	14,781
Other expenses	71,545	30,408	10,478	112,431	25,098	25,289	7,532	57,919
	<u>\$ 4,528,744</u>	<u>\$ 189,757</u>	<u>\$ 100,081</u>	<u>\$ 4,818,582</u>	<u>\$ 2,542,554</u>	<u>\$ 272,043</u>	<u>\$ 109,770</u>	<u>\$ 2,924,367</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 375,378	\$ 290,632
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,991	-
Forgiveness of Paycheck Protection Program loan	(230,979)	(126,093)
Forgiveness of Economic Injury Disaster loan	(10,000)	-
Net change in:		
Grants and accounts receivable	(119,170)	(63,509)
Prepaid expenses, deposits, and other assets	(113,816)	10,786
Accounts payable	9,777	(6,786)
Accrued expenses	(67,787)	(96,282)
Deferred revenue	10,467	-
Net Cash Provided by (Used in) Operating Activities	(144,139)	8,748
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	(20,332)	-
Net Cash Used in Investing Activities	(20,332)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on note payable	-	51,906
Borrowings on Paycheck Protection Program loan	-	357,072
Principal payments on note payable	(10,352)	(14,299)
Net Cash Provided by (Used in) Financing Activities	(10,352)	394,679
Change in Cash and Cash Equivalents	(174,823)	403,427
Cash and Cash Equivalents, Beginning of Year	428,913	25,486
Cash and Cash Equivalents, End of Year	\$ 254,090	\$ 428,913
SUPPLEMENTAL DISCLOSURES AND NON-CASH TRANSACTION:		
Cash paid for interest	\$ 10,989	\$ 12,682
Forgiveness of Paycheck Protection Program loan	\$ 230,979	\$ 126,093
Forgiveness of Economic Injury Disaster loan	\$ 10,000	\$ -
Disposal of fully depreciated fixed assets	\$ 310,231	\$ -

See notes to financial statements

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

Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020, 211OC's cash balances exceeded federally insured limits by approximately \$125,000 and \$184,000, 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, 2021 and 2020, 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
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Notes to Financial Statements

June 30, 2021 and 2020

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. 211OC has adopted the simultaneous release option for funds received through conditional government grants. Therefore, all funds received for which 211OC has met the barriers for revenue recognition have been treated as grants without donor restrictions on the statement of activities.

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, 2021 and 2020, 211OC received donated legal, workforce development (personnel training), and technology services totaling approximately \$257,000 and \$251,000, respectively. These amounts were recorded as a contribution and expense in the statements of activities.

**PEOPLE FOR IRVINE COMMUNITY HEALTH
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Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020, 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 54% and 60% of total revenue received for the years ended June 30, 2021 and 2020, respectively. Management recognizes the operational implications of the concentration.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2014, Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606 of the FASB Accounting Standards Codification (ASC)). 211OC adopted the provisions of this new standard during the year ended June 30, 2021. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total for the year ending June 30, 2021.

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	June 30,	
	2021	2020
Leasehold improvements	\$ -	\$ 3,780
Furniture and equipment	20,332	306,451
	20,332	310,231
Less accumulated depreciation	(1,991)	(310,231)
	\$ 18,341	\$ -

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

Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020, was approximately \$90,000 and \$112,000, respectively. The minimum future payments are:

<u>Year Ending June 30,</u>	
2022	\$ 47,708
2023	48,105
2024	<u>13,737</u>
	<u>\$ 109,550</u>

5. NOTES PAYABLE:

Notes payable consist of:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
\$100,000 revolving credit line payable to a financial institution with an effective interest rate of 7.75%.	\$ 79,992	\$ 90,344
Other notes payable	<u>-</u>	<u>10,000</u>
	<u>\$ 79,992</u>	<u>\$ 100,344</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 was fully forgiven during the year ended June 30, 2021.

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

Notes to Financial Statements

June 30, 2021 and 2020

7. NET ASSETS:

Net assets with donor restrictions are available for the following purpose restrictions:

	June 30,	
	2021	2020
Information and referral services and resources	\$ 75,000	\$ 66,667
Community information exchange	82,088	-
Total net assets with donor restrictions	\$ 157,088	\$ 66,667

8. RELATED PARTY:

211OC received donated technology services at a fair value of approximately \$151,000 from an individual who served on the board through the year ended June 30, 2020.

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 \$3,000 and \$96,000, during the years ended June 30, 2021 and 2020, respectively.

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. All net assets with donor restrictions are expected to be used for general expenditures within the upcoming year.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 254,090	\$ 428,913
Grants and accounts receivable, net	395,271	276,101
Financial assets, at year-end:	\$ 649,361	\$ 705,014

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

Notes to Financial Statements

June 30, 2021 and 2020

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 December 6, 2021, which represents the date the financial statements were available to be issued.