



Financial Statements
With Independent Auditors' Report

June 30, 2016 and 2015

**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, 2016 and 2015, 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, 2016 and 2015, 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
March 20, 2017

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

Statements of Financial Position

	June 30,	
	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 81,647	\$ 128,379
Grants and accounts receivable	543,315	518,267
Prepaid expenses and deposits	10,014	14,059
Property and equipment, net	-	946
Total Assets	\$ 634,976	\$ 661,651
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 171,170	\$ 165,774
Accrued expenses	103,777	43,315
Notes payable	99,556	150,051
Total liabilities	374,503	359,140
Net assets:		
Unrestricted	160,473	(95,580)
Temporarily restricted	100,000	398,091
Total net assets	260,473	302,511
Total Liabilities and Net Assets	\$ 634,976	\$ 661,651

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Private grants and contributions	\$ 324,286	\$ 283,824	\$ 608,110	\$ 558,422	\$ 440,183	\$ 998,605
Gifts-in-kind	-	-	-	0	-	-
Government grants and contracts	1,778,876	-	1,778,876	1,807,138	-	1,807,138
Other income	7,663	-	7,663	516	-	516
OCP acquisition grant	-	-	-	-	-	-
Net assets released from restrictions:						
Satisfaction of donor restrictions	581,915	(581,915)	-	42,092	(42,092)	-
Total Support, Revenue, and Reclassifications	2,692,740	(298,091)	2,394,649	2,408,168	398,091	2,806,259
EXPENSES:						
Program services	1,860,420	-	1,860,420	2,228,807	-	2,228,807
Supporting activities:						
General and administrative	468,310	-	468,310	367,765	-	367,765
Fundraising	107,957	-	107,957	164,177	-	164,177
	<u>576,267</u>	<u>-</u>	<u>576,267</u>	<u>531,942</u>	<u>-</u>	<u>531,942</u>
Total Expenses	2,436,687	-	2,436,687	2,760,749	-	2,760,749
Change in Net Assets	256,053	(298,091)	(42,038)	(352,581)	398,091	45,510
Net Assets, Beginning of Year	(95,580)	398,091	302,511	257,001	-	257,001
Net Assets, End of Year	<u>\$ 160,473</u>	<u>\$ 100,000</u>	<u>\$ 260,473</u>	<u>\$ (95,580)</u>	<u>\$ 398,091</u>	<u>\$ 302,511</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,									
	2016				2015					
	Program Services	Supporting Activities			Total	Program Services	Supporting Activities			Total
		General and Administrative	Fundraising				General and Administrative	Fundraising		
Wages and benefits	\$ 1,325,391	\$ 339,660	\$ 55,014	\$ 1,720,065	\$ 1,299,161	\$ 189,123	\$ 60,570	\$ 1,548,854		
Information technology	177,786	1,672	2,497	181,955	192,516	1,811	2,704	197,031		
HMIS services and subcontractors	650	-	-	650	21,740	19,234	2,176	43,150		
Equipment and software	16,828	124	1,028	17,980	15,153	112	926	16,191		
Rent and facilities	153,570	21,799	2,825	178,194	213,038	30,038	3,920	246,996		
Depreciation	-	946	-	946	8,702	-	-	8,702		
Professional services	62,395	67,034	44,592	174,021	351,832	100,520	91,401	543,753		
Operating expenses	123,800	37,075	2,001	162,876	126,665	26,927	2,480	156,072		
Total	\$ 1,860,420	\$ 468,310	\$ 107,957	\$ 2,436,687	\$ 2,228,807	\$ 367,765	\$ 164,177	\$ 2,760,749		

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (42,038)	\$ 45,510
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	946	8,702
Net change in:		
Grants and accounts receivable	(25,048)	(248,768)
Prepaid expenses and deposits	4,045	(7,849)
Accounts payable	5,396	98,917
Accrued expenses	60,462	22,729
Net Cash Provided by (Used in) Operating Activities	3,763	(80,759)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	-	59,806
New notes payable	47,206	55,000
Principal payments on notes payable	(97,701)	-
Net Cash Provided by (Used in) Financing Activities	(50,495)	114,806
Change in Cash and Cash Equivalents	(46,732)	34,047
Cash and Cash Equivalents, Beginning of Year	128,379	94,332
Cash and Cash Equivalents, End of Year	\$ 81,647	\$ 128,379

See notes to financial statements

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

Notes to Financial Statements

June 30, 2016 and 2015

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.

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, 2016 and 2015, management believes these amounts are fully collectible and no allowances have been established.

PROPERTY AND EQUIPMENT

Purchased property and equipment with a value of \$1,500 or greater was previously capitalized and stated at cost, net of accumulated depreciation and amortization. During the year ended June 30, 2016, 211 OC increased this threshold to \$5,000. Property and equipment is reported at the fair market value on the date of the gift, net of accumulated depreciation and amortization. Equipment is depreciated over the 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, 2016 and 2015

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.

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.

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

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2016 and 2015, 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, which is not a private foundation, 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.

REVENUE CONCENTRATION

Each year, 211 OC receives U.S Department of Housing and Urban Development grant revenue, which constitutes over 20% of total revenue received. These funds are anticipated and consequently, included in the budget each year.

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, 2016 and 2015, 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.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to current year presentation.

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

Notes to Financial Statements

June 30, 2016 and 2015

3. PROPERTY AND EQUIPMENT:

Property and equipment as of June 30, 2016 and 2015, consist of:

	June 30,	
	2016	2015
Leasehold improvements	\$ 4,725	\$ 4,725
Furniture and equipment	306,451	306,451
	311,176	311,176
Less accumulated depreciation	(311,176)	(310,230)
	\$ -	\$ 946

4. LEASES:

211 OC leases office space and copier equipment under operating leases ending November 2017 and May 2021, respectively. Lease expense for the years ended June 30, 2016 and 2015, was \$118,433 and \$119,700, respectively. The minimum future payments are:

Year Ending June 30,	
2017	\$ 86,848
2018	7,713
2019	7,713
2020	7,713
2021	7,070
	\$ 117,057

5. NOTES PAYABLE:

211 OC has a \$100,000 revolving credit line payable to a financial institution with an interest rate of 8.0%. As of June 30, 2016 and 2015, the outstanding balances were \$94,556 and \$95,051, respectively.

211 OC had a \$50,000 private loan. The loan was secured with future receivables and had an interest rate of 3.0%. As of June 30, 2016 and 2015, the outstanding balances were \$0 and \$50,000, respectively.

**PEOPLE FOR IRVINE COMMUNITY HEALTH
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Notes to Financial Statements

June 30, 2016 and 2015

6. RELATED PARTY:

During the year ended June 30, 2016, 211 OC obtained two unsecured short-term loans from board members each in the amount of \$5,000. One loan was repaid during the fiscal year, and one remains outstanding as of year end.

211 OC also has related party transactions with organizations affiliated with board members. During the fiscal year, a contract with the City of Garden Grove generated \$8,090 of program revenue, and a secondary contract expended \$1,616 in occupancy and computer service costs. Similarly, 211 OC obtained \$75,091 of grant income from and paid a database membership fee of \$255 to One OC. Finally, a company where a board member presently works donated strategic planning services at a fair value of \$30,000 in the current fiscal year.

7. SUBSEQUENT EVENTS:

Subsequent to year end, 211 OC obtained an unsecured short-term loan from a board member in the amount of \$20,000, which was repaid on December 2, 2016.

Subsequent events occurring after June 30, 2016 have been evaluated for possible adjustment to the financial statements or disclosure through March 20, 2017, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.