

**INFO LINE OF SAN DIEGO COUNTY
DBA 2-1-1 SAN DIEGO**

Financial Statements

Years Ended June 30, 2010 and 2009

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Financial Statements

Years Ended June 30, 2010 and 2009

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
INFO LINE of San Diego County dba 2-1-1 San Diego
San Diego, California

We have audited the accompanying statements of financial position of INFO LINE of San Diego County dba 2-1-1 San Diego (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of INFO LINE of San Diego County dba 2-1-1 San Diego's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INFO LINE of San Diego County dba 2-1-1 San Diego as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

AKT LLP

Carlsbad, California
November 12, 2010

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Statements of Financial Position
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets:		
Cash	\$ 291,985	\$ 177,972
Accounts receivable	592,976	496,932
Food Stamp program receivable	205,700	-
Promises to give	100,000	-
Prepaid expenses	11,931	21,908
	<u>1,202,592</u>	<u>696,812</u>
Total Current Assets		
Non-current Assets:		
Property and equipment, net of accumulated depreciation	257,861	351,750
Software Held for Sale	-	24,167
Deposits and other assets	25,411	23,411
Promises to give	100,000	-
	<u>1,585,864</u>	<u>1,096,140</u>
Total Assets		
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 122,589	\$ 99,250
Food Stamp program payable	205,700	-
Accrued expenses	110,819	89,684
Deferred revenue	75,000	2,834
	<u>514,108</u>	<u>191,768</u>
Total Current Liabilities		
Net Assets:		
Unrestricted	838,211	722,649
Temporarily restricted	233,545	181,723
	<u>1,071,756</u>	<u>904,372</u>
Total Net Assets		
Total Liabilities and Net Assets		
	<u>\$ 1,585,864</u>	<u>\$ 1,096,140</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Statement of Activities

Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Contracts	\$ 2,483,222	\$ -	\$ 2,483,222
Grants	685,037	225,752	910,789
Fee for Service	17,500	-	17,500
In-kind donations	3,678	-	3,678
Miscellaneous	13,347	-	13,347
Net assets released from restrictions, satisfaction of program restrictions	<u>173,930</u>	<u>(173,930)</u>	<u>-</u>
Total Support and Revenue	3,376,714	51,822	3,428,536
Expenses:			
Program services	2,883,911	-	2,883,911
Supporting services:			
General and administrative	193,487	-	193,487
Fundraising	<u>110,728</u>	<u>-</u>	<u>110,728</u>
Total Expenses	<u>3,188,126</u>	<u>-</u>	<u>3,188,126</u>
Increase in Net Assets Before Other Expenses	<u>188,588</u>	<u>51,822</u>	<u>240,410</u>
Other Expenses:			
Loss on disposal of software held for sale	28,517	-	28,517
Donated equipment	<u>44,509</u>	<u>-</u>	<u>44,509</u>
Total Other Expenses	<u>73,026</u>	<u>-</u>	<u>73,026</u>
Increase in Net Assets	115,562	51,822	167,384
Net Assets, beginning	<u>722,649</u>	<u>181,723</u>	<u>904,372</u>
Net Assets, ending	<u>\$ 838,211</u>	<u>\$ 233,545</u>	<u>\$ 1,071,756</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Statement of Activities

Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Contracts	\$ 1,579,279	\$ -	\$ 1,579,279
Grants	861,672	162,944	1,024,616
In-kind donations	249,189	-	249,189
Miscellaneous	59,099	-	59,099
Net assets released from restrictions, satisfaction of program restrictions	<u>107,508</u>	<u>(107,508)</u>	<u>-</u>
Total Support and Revenue	2,856,747	55,436	2,912,183
Expenses:			
Program services	2,414,047	-	2,414,047
Supporting services:			
General and administrative	146,216	-	146,216
Fundraising	<u>70,848</u>	<u>-</u>	<u>70,848</u>
Total Expenses	<u>2,631,111</u>	<u>-</u>	<u>2,631,111</u>
Increase in Net Assets	225,636	55,436	281,072
Net Assets, beginning	<u>497,013</u>	<u>126,287</u>	<u>623,300</u>
Net Assets, ending	<u>\$ 722,649</u>	<u>\$ 181,723</u>	<u>\$ 904,372</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Statement of Functional Expenses
Year Ended June 30, 2010

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 1,657,217	\$ 119,367	\$ 87,660	\$ 1,864,244
Consultants	471,192	38,715	3,829	513,736
Occupancy	195,927	9,713	5,489	211,129
Telephone	154,466	8,130	-	162,596
Depreciation	100,449	4,979	2,814	108,242
Repairs and maintenance	59,763	2,815	1,591	64,169
Travel	43,588	3,139	2,304	49,031
Meetings	35,062	2,524	1,854	39,440
Website and internet	39,087	-	-	39,087
Printing and duplicating	27,130	-	1,428	28,558
Staff development	19,965	1,437	1,055	22,457
Office supplies	18,281	906	512	19,699
Advertising	19,510	-	-	19,510
Memberships	15,702	-	-	15,702
Miscellaneous	11,675	1,023	-	12,698
Insurance	8,766	435	246	9,447
In-kind expense	3,413	169	96	3,678
Postage	2,718	135	76	2,929
Fees and permits	-	-	1,774	1,774
	<u>\$ 2,883,911</u>	<u>\$ 193,487</u>	<u>\$ 110,728</u>	<u>\$ 3,188,126</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Statement of Functional Expenses

Year Ended June 30, 2009

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 1,306,549	\$ 91,483	\$ 46,546	\$ 1,444,578
Consultants	246,229	26,198	9,851	282,278
In-kind expense	249,189	-	-	249,189
Occupancy	197,456	7,322	4,257	209,035
Depreciation	82,168	8,586	3,816	94,570
Telephone	86,819	4,569	-	91,388
Meetings	44,085	3,087	1,571	48,743
Repairs and maintenance	34,322	1,171	680	36,173
Website and internet	35,219	-	-	35,219
Advertising	23,341	-	-	23,341
Travel	19,953	1,397	709	22,059
Office supplies	18,449	684	396	19,529
Printing and duplicating	17,908	-	942	18,850
Miscellaneous	18,020	746	-	18,766
Memberships	12,819	-	-	12,819
Insurance	11,553	428	249	12,230
Staff development	6,254	438	223	6,915
Postage	2,881	107	61	3,049
Fees and permits	-	-	1,547	1,547
Amortization - software held for sale	833	-	-	833
	<u>\$ 2,414,047</u>	<u>\$ 146,216</u>	<u>\$ 70,848</u>	<u>\$ 2,631,111</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Statements of Cash Flows

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 167,384	\$ 281,072
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	108,242	95,403
Loss on disposal of software held for sale	28,517	-
Donated equipment	44,509	-
Changes in operating assets and liabilities:		
Accounts receivable	(96,044)	(225,253)
Food Stamp program receivable	(205,700)	-
Prepaid expenses	9,977	13,624
Promises to give	(200,000)	-
Deposits and other assets	(2,000)	-
Accounts payable	23,339	47,284
Food Stamp program payable	205,700	-
Accrued expenses	21,135	(61,764)
Deferred revenue	72,166	(17,065)
	<u>177,225</u>	<u>133,301</u>
Net Cash Provided by Operating Activities		
Cash Flows From Investing Activities:		
Development costs - software held for sale	(11,000)	(25,000)
Purchases of property and equipment	(52,212)	(104,844)
	<u>(63,212)</u>	<u>(129,844)</u>
Net Cash Used by Investing Activities		
Net Increase in Cash	114,013	3,457
Cash, beginning	<u>177,972</u>	<u>174,515</u>
Cash, ending	<u>\$ 291,985</u>	<u>\$ 177,972</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Financial Statements

Years Ended June 30, 2010 and 2009

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

INFO LINE of San Diego County dba 2-1-1 San Diego (Organization) is a California nonprofit corporation formed in 2003. The Organization's purpose is to provide a bridge between people and community resources through phone connections, print connections, on-line connections, specialized services, and disaster response services. The Organization's support and revenue comes primarily from contracts and grants.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no permanently restricted net assets during the years ended June 30, 2010 and 2009.

Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was established at June 30, 2010 and 2009, as management believes that all amounts are collectible.

Promises to Give

Unconditional written pledges to the Organization in the future are recorded as promises to give and revenue in the year promised at the present value of expected cash flows. Conditional pledges, including intentions to pledge, are recognized as revenue when the funds are actually received. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances.

Property and Equipment

Acquisitions of property and equipment of \$2,500 or more are capitalized. Property and equipment are recorded at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of three to ten years.

Software Held for Sale

The Organization, in a joint venture with a software organization, developed an online disaster database that allows 2-1-1 organizations nationwide to track disaster calls, information and resources, while streamlining the disaster service delivery process. The software was being amortized, using the straight-line method, over its anticipated useful life of five years. In the year ended June 30, 2010, the Organization dissolved its joint venture with Pangea Foundation for the Relief Point software. Accordingly, the Organization wrote off the unamortized software development costs.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Financial Statements

Years Ended June 30, 2010 and 2009

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period.

Grants and other revenues which are considered contracts for services, are not recorded as restricted contributions. Prepaid grants are recorded as deferred revenue.

Contributed Materials and Services

Contributed goods are recorded at their estimated fair market value at the time of donation. Such items are capitalized or charged to operations as appropriate. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the financial statements because the criteria for recognition as contributions of such volunteer effort have not been satisfied.

Advertising

The Organization expenses the cost of advertising as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization, however, may occasionally be subject to tax on income which is not related to its exempt purpose. The Organization is not a private foundation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through November 12, 2010, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

Cash

The Organization maintains cash balances in bank accounts which, at times, exceed the federal insured limit. The Organization manages the risk by using only high quality financial institutions.

Customers

The Organization receives a substantial portion of its funding from two sources. During the years ended June 30, 2010 and 2009, funding from these sources totaled \$2,050,756 (60%) and \$1,345,852 (51%), respectively. At June 30, 2010 and 2009, amounts due from these funding sources included in accounts receivable were \$424,600 and \$319,077, respectively.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Financial Statements

Years Ended June 30, 2010 and 2009

Note 3 – Promises to Give

Promises to give consist of the following:

	2010	2009
Due in one year or less	\$ 100,000	\$ -
Due after one year through five years	100,000	-
Total promises to give	<u>\$ 200,000</u>	<u>\$ -</u>

No allowance was considered necessary at June 30, 2010 because management believes that all amounts are collectible. No discount was imputed at June 30, 2010 because management determined the amounts to be insignificant.

Note 4 – Property and Equipment

Property and equipment consist of the following:

	2010	2009
Telecommunications system	\$ 54,296	\$ 232,797
Generator	120,536	120,536
Computers	249,501	249,501
Website upgrade	75,750	75,750
Furniture and equipment	37,160	37,160
Leasehold improvements	19,101	19,101
	<u>556,344</u>	<u>734,845</u>
Less accumulated depreciation	<u>(298,483)</u>	<u>(383,095)</u>
	<u>\$ 257,861</u>	<u>\$ 351,750</u>

Note 5 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Purpose and Time Restrictions:		
Food Stamp Benefits enrollment	\$ 25,752	\$ -
Capacity building	7,793	67,354
Sustainable funding	-	83,187
IT equipment	-	17,836
Food stamp training	-	7,403
Housing	-	5,000
Web hosting/access	-	943
Time Restrictions:		
Promises to Give	<u>200,000</u>	<u>-</u>
	<u>\$ 233,545</u>	<u>\$ 181,723</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Financial Statements

Years Ended June 30, 2010 and 2009

Note 6 – Contributed Professional Services

The amount of contributed professional services recognized for the years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
IT consulting	\$ 3,400	\$ 186,875
Staff development	200	-
Program rebranding	-	45,000
	<u>\$ 3,600</u>	<u>\$ 231,875</u>

Note 7 – Commitments

The Organization leases facilities in San Diego for office space. The lease term is from December 1, 2004 to November 30, 2010. The lease provides for a security deposit of \$22,875 and monthly lease payments of \$10,300 increasing annually at rates from 4% to 10%. During the year ended June 30, 2010, the Organization contracted with service providers for telephone services and support. The contract terms expire on various dates through 2013 with minimum monthly lease payments totaling \$10,456.

Rent expense for the years ended June 30, 2010 and 2009 was \$307,366 and \$145,745, respectively.

Minimum future lease payments at June 30, 2010 are due as follows:

Year Ending <u>June 30,</u>	
2011	\$ 162,547
2012	80,472
2013	13,412
Thereafter	-
	<u>\$ 256,431</u>

Note 8 – Related Parties

Beginning in the year ended June 30, 2010, the Organization acts as a fiscal agent for the Food Stamp contract between numerous 211 organizations within California and the California Association of Food Banks (CAFB). Participating 211 organizations contract directly with the CAFB, and the Organization collects all invoices from these 211 organizations and submits a cumulative invoice to CAFB each month. Upon payment from CAFB, the Organization distributes payments to each of the participating 211 organizations. As of June 30, 2010, \$205,700 was recorded as a receivable due from CAFB and a payable due to participating 211 organizations.

Note 9 – Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Financial Statements

Years Ended June 30, 2010 and 2009

Note 10 – Reclassifications

Certain items in the 2009 financial statements have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported change in net assets.