



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

Financial Statements and Supplemental Information

Years Ended June 30, 2012 and 2012



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

Financial Statements and Supplemental Information

Years Ended June 30, 2012 and 2011

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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, 2012 and 2011, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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, 2012 and 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

AKT LLP

San Diego, California
October 26, 2012

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statements of Financial Position**

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets:		
Cash	\$ 455,536	\$ 352,092
Accounts receivable, net of allowance for doubtful accounts of \$0 (2012) and \$67,425 (2011)	601,412	526,634
Food Stamp program receivable	112,945	311,510
Current portion of promises to give	300,000	150,000
Prepaid expenses	<u>22,427</u>	<u>36,555</u>
Total Current Assets	1,492,320	1,376,791
Non-current Assets:		
Promises to give, net of current portion	45,000	-
Property and equipment, net of accumulated depreciation	535,078	613,109
Deposits and other assets	<u>19,130</u>	<u>19,130</u>
	<u>\$ 2,091,528</u>	<u>\$ 2,009,030</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 57,523	\$ 77,185
Food Stamp program payable	112,945	311,510
Accrued expenses	221,830	235,633
Current portion deferred rent	<u>39,579</u>	<u>39,579</u>
Total Current Liabilities	431,877	663,907
Long-term Liabilities - deferred rent, net of current portion	<u>105,544</u>	<u>140,176</u>
	537,421	804,083
Net Assets:		
Unrestricted	1,195,049	984,654
Temporarily restricted	<u>359,058</u>	<u>220,293</u>
	<u>1,554,107</u>	<u>1,204,947</u>
Total Liabilities and Net Assets	<u>\$ 2,091,528</u>	<u>\$ 2,009,030</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statement of Activities**

Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 4,742,386	\$ -	\$ 4,742,386
Contributions	460,755	359,058	819,813
Fee for service	6,158	-	6,158
In-kind donations	10,678	-	10,678
Special event, net of expenses of \$51,524	136,926	-	136,926
Miscellaneous	21,382	-	21,382
Net assets released from restrictions, satisfaction of program restrictions	<u>220,293</u>	<u>(220,293)</u>	<u>-</u>
Total Support and Revenue	5,598,578	138,765	5,737,343
Expenses:			
Program services	4,680,437	-	4,680,437
Supporting services:			
General and administrative	446,269	-	446,269
Fundraising	<u>261,477</u>	<u>-</u>	<u>261,477</u>
Total Expenses	<u>5,388,183</u>	<u>-</u>	<u>5,388,183</u>
Increase in Net Assets	210,395	138,765	349,160
Net Assets, beginning	<u>984,654</u>	<u>220,293</u>	<u>1,204,947</u>
Net Assets, ending	<u>\$ 1,195,049</u>	<u>\$ 359,058</u>	<u>\$ 1,554,107</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statement of Activities**

Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 4,125,767	\$ -	\$ 4,125,767
Contributions	541,298	112,500	653,798
Fee for service	4,000	-	4,000
In-kind donations	39,848	-	39,848
Special event, net of expenses of \$30,875	87,680	-	87,680
Miscellaneous	1,365	-	1,365
Net assets released from restrictions, satisfaction of program restrictions	<u>125,752</u>	<u>(125,752)</u>	<u>-</u>
Total Support and Revenue	4,925,710	(13,252)	4,912,458
Expenses:			
Program services	4,230,831	-	4,230,831
Supporting services:			
General and administrative	320,387	-	320,387
Fundraising	<u>228,049</u>	<u>-</u>	<u>228,049</u>
Total Expenses	<u>4,779,267</u>	<u>-</u>	<u>4,779,267</u>
Increase (Decrease) in Net Assets	146,443	(13,252)	133,191
Net Assets, beginning	<u>838,211</u>	<u>233,545</u>	<u>1,071,756</u>
Net Assets, ending	<u>\$ 984,654</u>	<u>\$ 220,293</u>	<u>\$ 1,204,947</u>

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year Ended June 30, 2012

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 2,775,758	212,377	168,028	\$ 3,156,163
CalFresh subrecipients	856,980	-	-	856,980
Consultants	291,823	181,394	26,082	499,299
Telephone	219,600	14,667	11,524	245,791
Occupancy	149,813	10,846	6,559	167,218
Depreciation	148,527	11,124	6,728	166,379
Travel	65,976	630	8,711	75,317
Repairs and maintenance	33,964	2,683	274	36,921
Staff development	22,889	9,710	4,195	36,794
Office supplies	29,945	1,424	2,122	33,491
Meetings	18,151	1,344	2,287	21,782
Printing and duplicating	13,972	231	6,676	20,879
Dues, licenses and permits	6,330	576	12,289	19,195
Insurance	14,616	313	189	15,118
Postage	11,602	864	273	12,739
Employee and volunteer recognition	9,342	1,402	284	11,028
Bad debt	5,286	-	1,100	6,386
Miscellaneous	1,382	2,051	2,563	5,996
Relocation consulting	4,104	307	187	4,598
Advertising	377	-	1,406	1,783
Interest	-	488	-	488
Gain on sale of asset	-	(6,162)	-	(6,162)
	<u>\$ 4,680,437</u>	<u>\$ 446,269</u>	<u>\$ 261,477</u>	<u>\$ 5,388,183</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statement of Functional Expenses**

Year Ended June 30, 2011

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 2,443,593	\$ 103,881	\$ 179,575	\$ 2,727,049
CalFresh subrecipients	594,245	-	-	594,245
Consultants	324,793	47,217	14,842	386,852
Telephone	269,586	13,965	13,557	297,108
Occupancy	205,780	6,858	6,773	219,411
Depreciation	123,843	4,244	4,102	132,189
Bad debts	67,425	-	-	67,425
Repairs and maintenance	62,319	2,153	2,045	66,517
Travel	43,536	10,191	1,368	55,095
Relocation consulting	43,669	1,537	1,460	46,666
Dues, licenses and permits	4,189	34,730	1,330	40,249
Printing and duplicating	24,675	7,178	545	32,398
Office supplies	4,753	24,517	6	29,276
Meetings	2,647	13,649	954	17,250
Staff development	1,389	13,467	150	15,006
Insurance	2,750	8,554	-	11,304
Miscellaneous	3,774	6,513	627	10,914
Postage	5,609	4,476	39	10,124
Employee and volunteer recognition	1,529	5,168	19	6,716
Website and internet	576	4,477	-	5,053
Interest	-	3,852	-	3,852
Loss on sale of asset	-	2,902	-	2,902
Advertising	151	195	657	1,003
Property taxes	-	663	-	663
	<u>\$ 4,230,831</u>	<u>\$ 320,387</u>	<u>\$ 228,049</u>	<u>\$ 4,779,267</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statements of Cash Flows**

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 349,160	\$ 133,191
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	166,379	132,189
(Gain) loss on disposal of property and equipment	(6,162)	2,902
Donated property and equipment	(6,000)	-
Change in allowance for doubtful accounts receivable	(67,425)	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(7,353)	66,342
Food Stamp program receivable	198,565	(105,810)
Promises to give	(195,000)	50,000
Prepaid expenses	14,128	(24,624)
Deposits and other assets	-	6,281
Accounts payable	(19,662)	(45,404)
Food Stamp program payable	(198,565)	105,810
Accrued expenses	(13,803)	124,814
Deferred revenue	-	(75,000)
Deferred rent	(34,632)	179,755
Net Cash Provided by Operating Activities	<u>179,630</u>	<u>550,446</u>
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	6,162	-
Purchases of property and equipment	(82,348)	(490,339)
Net Cash Used by Investing Activities	<u>(76,186)</u>	<u>(490,339)</u>
Net Increase in Cash	103,444	60,107
Cash, beginning	<u>352,092</u>	<u>291,985</u>
Cash, ending	<u>\$ 455,536</u>	<u>\$ 352,092</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	<u>\$ 1,563</u>	<u>\$ 3,852</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Serving the entire population of its region, INFO LINE of San Diego County dba 2-1-1 San Diego (Organization) is a California nonprofit organization formed in 2003 that connects people with community, health and disaster services through a free, 24/7 stigma-free phone service and searchable online database. 2-1-1 San Diego's mission is to help people by connecting them efficiently to the service delivery system, and by providing vital trend information for community planning. 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, 2012 and 2011.

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 allowances was considered necessary at June 30, 2012 because management believes 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 \$5,000 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.

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.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

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

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 has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2012 and 2011, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the years ended June 30, 2012 and 2011.

The Organization files informational and income tax returns in the United States and various state and local jurisdictions. The Organization's Federal income tax and informational returns for the years ended June 30, 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service, generally for 3 years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from 3 to 5 years.

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 October 26, 2012 which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

Cash

The Organization maintains its cash in bank deposit accounts that are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. At June 30, 2012, the Organization did not have any cash that was exposed to uninsured deposit risk.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 2 – Concentrations of Credit Risk, continued

Customers

During the year ended June 30, 2012 the Organization received funding of \$4,149,440 (73%) from three sources and during the year ended June 30, 2011 the Organization received funding of \$3,293,307 (67%) from two sources. At June 30, 2012 and 2011, amounts due from these funding sources included in accounts receivable were \$442,074 and \$470,389, respectively.

Note 3 – Promises to Give

Promises to give consist of the following:

	2012	2011
Due in one year or less	\$ 300,000	\$ 150,000
Due after one year through five years	45,000	-
Total promises to give	<u>\$ 345,000</u>	<u>\$ 150,000</u>

No allowance was considered necessary at June 30, 2012 and 2011 because management believes that all amounts are collectible. No discount was imputed because management determined the amounts to be insignificant.

Note 4 – Property and Equipment

Property and equipment consist of the following:

	2012	2011
Computers	\$ 317,870	\$ 249,500
Leasehold improvements	302,628	302,628
Furniture and equipment	216,376	213,733
Generator	120,536	120,536
Website upgrade	86,890	86,890
Telecommunications system	54,296	54,296
Vehicle	10,566	-
	<u>1,109,162</u>	<u>1,027,583</u>
Less accumulated depreciation	<u>(574,084)</u>	<u>(414,474)</u>
	<u>\$ 535,078</u>	<u>\$ 613,109</u>

Note 5 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Purpose and Time Restrictions:		
Health navigation	\$ 45,000	\$ 20,000
Community Information Exchange	19,058	-
IT equipment	-	50,000
San Diego Region Disaster Technology	-	40,800
Capacity building	-	7,793
CCAT assessment	-	1,700
Time Restrictions:		
Promises to give	<u>295,000</u>	<u>100,000</u>
	<u>\$ 359,058</u>	<u>\$ 220,293</u>

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 6 – Line of Credit

The Organization has a \$400,000 unsecured line of credit with Union Bank at a variable rate of interest equal to the Wall Street Journal West Coast Edition prime rate plus 3.25% (6.5% at June 30, 2012). The line matures on May 25, 2013. No amounts were drawn on the line of credit during the years ended June 30, 2012 and 2011.

Note 7 – Commitments

The Organization leases facilities in San Diego for office space. The lease term is from January 1, 2011 to March 31, 2016. The current lease provides for a security deposit of \$19,130 and a monthly lease payment in the first month of \$17,019 followed by six discounted payments of \$8,246. Future payments return to the first month's amount and increase from 2.8% to 3.2% annually. The Organization also contracted with service providers for telephone services and support. The contract terms expire on various dates through 2014 with minimum monthly lease payments totaling \$22,537.

Rent expense for the years ended June 30, 2012 and 2011 was \$361,515 and \$394,066, respectively.

Minimum future lease payments at June 30, 2012 are due as follows:

Year Ending <u>June 30,</u>	
2013	\$ 333,422
2014	299,519
2015	239,767
2016	175,786
2017	3,392
Thereafter	-
	<u>\$ 1,051,886</u>

Note 8 – 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.

Note 9 – Reclassifications

Certain items in the 2011 financial statements have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported change in net assets.

SUPPLEMENTAL INFORMATION



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of INFO LINE of San Diego County dba 2-1-1 San Diego as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated October 26, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audits, we considered INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether INFO LINE of San Diego County dba 2-1-1 San Diego's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

(continued)

This report is intended solely for the information and use of the audit committee, board of directors, management, and others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

AKT LLP

San Diego, California
October 26, 2012



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited INFO LINE of San Diego County dba 2-1-1 San Diego's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of INFO LINE of San Diego County dba 2-1-1 San Diego's major federal programs for the year ended June 30, 2012. INFO LINE of San Diego County dba 2-1-1 San Diego's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is 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 INFO LINE of San Diego County dba 2-1-1 San Diego's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about INFO LINE of San Diego County dba 2-1-1 San Diego's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of INFO LINE of San Diego County dba 2-1-1 San Diego's compliance with those requirements.

In our opinion, INFO LINE of San Diego County dba 2-1-1 San Diego complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of INFO LINE of San Diego County dba 2-1-1 San Diego is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

(continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

AKT LLP

San Diego, California
October 26, 2012

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<u>Federal/Pass-Through Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Grantor No.</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through County of San Diego:			
Admin for Children and Families Contract	93.569	520056	\$ 9,600
Medi-Cal Administrative Activities Contract	93.778	MAA 128	<u>100,577</u>
			110,177
 <u>U.S. Department of Agriculture</u>			
Pass-through California Department of Public Health:			
CalFresh	10.561	10-10163	<u>1,871,093</u>
			\$ <u><u>1,981,270</u></u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of INFO LINE of San Diego County dba 2-1-1 San Diego and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Amounts Provided to Subrecipients

The following amounts were provided to subrecipients, other 211 organizations in California, from the CalFresh Program during the year ended June 30, 2012:

211 Alameda County	\$	22,925
211 Contra Costa		4,060
211 Fresno		59,170
211 Kern County		52,445
211 Kings County		4,330
211 Los Angeles		231,185
211 Monterey		30,910
211 Orange County.		213,365
211 Riverside County		23,315
211 Sacramento		40,640
211 San Bernardino.		53,425
211 San Francisco		17,290
211 Santa Barbara		12,050
211 Santa Clara County		34,955
211 Sonoma County		13,305
211 Stanislaus		2,385
211 Tulare County		9,010
211 United Way of the Wine Country		5,675
211 Ventura County		<u>26,540</u>
	\$	<u><u>856,980</u></u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:
Significant deficiency(ies) identified? ___yes x_no
Material weakness(es) identified? ___yes x_no

Noncompliance material to the financial statements noted? ___yes x_no

Federal Awards

Internal control over major programs:
Significant deficiency(ies) identified? ___yes x_no
Material weakness(es) identified? ___yes x_no

Type of auditors’ report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? ___yes x_no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	CalFresh

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? ___yes x_no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None