

# INFO LINE of San Diego County DBA 2-1-1 San Diego and Subsidiary

Consolidated Financial Statements and Supplemental  
Information

Years Ended June 30, 2018 and 2017



**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Consolidated Financial Statements and Supplemental Information**  
Years Ended June 30, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary (nonprofit organization) which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 auditors' 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 auditors consider 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.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of INFO LINE of San Diego dba 2-1-1 San Diego and Subsidiary as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### **Other Matters**

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018 on our consideration of INFO LINE of San Diego dba 2-1-1 San Diego's and Subsidiary's internal control over consolidated 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 consolidated financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over consolidated financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering INFO LINE of San Diego dba 2-1-1 San Diego's and Subsidiary's internal control over consolidated financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
December 4, 2018

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**  
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,904,509	\$ 3,238,186
Accounts receivable	2,090,726	1,127,233
Food stamp program receivable	26,630	34,728
Current portion of promises to give	488,357	534,644
Prepays and other assets	<u>283,072</u>	<u>54,038</u>
Total Current Assets	4,793,294	4,988,829
Non-current Assets:		
Promises to give, net	70,650	135,148
Property and equipment, net of accumulated depreciation	1,436,147	1,612,362
Deposits and other assets	<u>82,995</u>	<u>66,209</u>
Total Assets	<u>\$ 6,383,086</u>	<u>\$ 6,802,548</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 109,031	\$ 252,441
Food stamp program payable	26,630	20,634
Accrued expenses	562,631	445,625
Deferred revenue	10,837	669,970
Current portion of note payable	58,547	56,819
Current portion of deferred rent	<u>13,676</u>	<u>55,758</u>
Total Current Liabilities	781,352	1,501,247
Long-term Liabilities:		
Note payable, net of current portion	444,587	503,134
Deferred rent, net of current portion	<u>86,266</u>	<u>56,809</u>
Total Liabilities	1,312,205	2,061,190
Net Assets:		
Unrestricted	4,292,439	3,910,440
Temporarily restricted	<u>778,442</u>	<u>830,918</u>
Total Net Assets	<u>5,070,881</u>	<u>4,741,358</u>
Total Liabilities and Net Assets	<u>\$ 6,383,086</u>	<u>\$ 6,802,548</u>

See accompanying notes to consolidated financial statements.

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

Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 10,145,903	\$ -	\$ 10,145,903
Contributions	659,204	770,644	1,429,848
Special event, net of expenses of \$234,137	141,626	-	141,626
Rental income	108,400	-	108,400
Miscellaneous	15,320	-	15,320
Fee for service	5,000	-	5,000
Net assets released from restrictions, satisfaction of program restrictions	823,120	(823,120)	-
Total Support and Revenue	11,898,573	(52,476)	11,846,097
Program and Supporting Expenses:			
Program services	9,540,559	-	9,540,559
Supporting services:			
General and administrative	1,530,553	-	1,530,553
Fundraising	445,462	-	445,462
Total Program and Supporting Expenses	11,516,574	-	11,516,574
Increase (Decrease) in Net Assets	381,999	(52,476)	329,523
Net Assets, beginning	3,910,440	830,918	4,741,358
Net Assets, ending	\$ 4,292,439	\$ 778,442	\$ 5,070,881

See accompanying notes to consolidated financial statements.

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Consolidated Statement of Activities**  
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 10,323,679	\$ -	\$ 10,323,679
Contributions	1,332,164	827,324	2,159,488
Rental income	98,775	-	98,775
In-kind donations	54,000	-	54,000
Miscellaneous	12,962	-	12,962
Fee for service	5,413	-	5,413
Net assets released from restrictions, satisfaction of program restrictions	<u>164,599</u>	<u>(164,599)</u>	<u>-</u>
Total Support and Revenue	11,991,592	662,725	12,654,317
Program and Supporting Expenses:			
Program services	10,009,709	-	10,009,709
Supporting services:			
General and administrative	1,475,355	-	1,475,355
Fundraising	<u>386,377</u>	<u>-</u>	<u>386,377</u>
Total Program and Supporting Expenses	<u>11,871,441</u>	<u>-</u>	<u>11,871,441</u>
Increase in Net Assets	120,151	662,725	782,876
Net Assets, beginning	<u>3,790,289</u>	<u>168,193</u>	<u>3,958,482</u>
Net Assets, ending	<u>\$ 3,910,440</u>	<u>\$ 830,918</u>	<u>\$ 4,741,358</u>

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses**  
Year Ended June 30, 2018

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 6,532,755	\$ 1,232,200	\$ 384,874	\$ 8,149,829
Consultants	684,340	101,804	19,485	805,629
Occupancy	604,854	36,945	18,472	660,271
Telephone	346,241	(866)	1,120	346,495
Software licenses	307,164	1,091	-	308,255
Equipment and maintenance	297,831	703	352	298,886
Subcontractor payments	243,209	-	-	243,209
Depreciation	193,391	9,530	4,765	207,686
Dues, licenses and permits	54,570	22,326	6,348	83,244
Travel	77,079	2,557	2,439	82,075
Admin overhead expense	65,000	-	-	65,000
Insurance	-	54,847	-	54,847
Office supplies	47,028	2,076	1,230	50,334
Food and catering	28,850	2,723	2,714	34,287
Employee and volunteer recognition	4,451	26,685	2,425	33,561
Advertising	21,701	-	1,110	22,811
Interest	-	16,021	-	16,021
Staff development	3,351	9,908	-	13,259
Postage	10,216	2,848	128	13,192
Bank fees	725	7,839	-	8,564
Printing and duplicating	7,063	1,066	-	8,129
Generator fuel & maintenance	7,167	-	-	7,167
VTCLI expenses	3,545	-	-	3,545
Property tax	-	250	-	250
Outreach and education	28	-	-	28
Total Program and Supporting Expenses	<u>9,540,559</u>	<u>1,530,553</u>	<u>445,462</u>	<u>11,516,574</u>
Special Events	-	-	234,137	234,137
Total expenses	<u>\$ 9,540,559</u>	<u>\$ 1,530,553</u>	<u>\$ 679,599</u>	<u>\$ 11,750,711</u>



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

Year Ended June 30, 2017

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 5,705,221	\$ 1,207,675	\$ 268,072	\$ 7,180,968
Equipment and maintenance	1,745,835	1,030	365	1,747,230
Consultants	661,311	119,529	20,200	801,040
Occupancy	581,021	38,203	19,101	638,325
Subcontractor payments	347,551	-	-	347,551
Telephone	310,006	(971)	691	309,726
Depreciation	185,544	9,943	4,971	200,458
Dues, licenses and permits	112,187	22,309	14,079	148,575
Travel	84,746	4,844	676	90,266
Admin overhead expense	85,000	-	-	85,000
Advertising	7,544	5,900	43,892	57,336
Office supplies	51,953	2,817	2,363	57,133
Staff development	38,886	4,344	-	43,230
Insurance	41,315	(480)	1,362	42,197
Employee and volunteer recognition	4,860	30,883	2,627	38,370
Food and catering	20,178	5,254	5,680	31,112
Interest	-	17,699	-	17,699
Postage	12,324	2,523	198	15,045
Printing and duplicating	10,949	1,502	2,012	14,463
Outreach and education	2,825	543	-	3,368
Bank fees	453	1,808	88	2,349
Total Expenses	<u>\$ 10,009,709</u>	<u>\$ 1,475,355</u>	<u>\$ 386,377</u>	<u>\$ 11,871,441</u>

See accompanying notes to consolidated financial statements.

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

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 329,523	\$ 782,876
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	207,686	200,458
Changes in operating assets and liabilities:		
Accounts receivable	(963,493)	(396,490)
Food stamp program receivable	8,098	(17,797)
Promises to give	110,785	(72,399)
Prepaid expenses and other assets	(229,034)	54,611
Deposits and other assets	(16,786)	(6,681)
Accounts payable	(143,410)	2,123
Food stamp program payable	5,996	3,703
Accrued expenses	117,006	(36,217)
Deferred revenue	(659,133)	649,082
Deferred rent	(12,625)	30,509
Net Cash Provided (Used) by Operating Activities	(1,245,387)	1,193,778
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	(31,471)	(167,627)
Cash Flows Used by Financing Activities:		
Payments on note payable	(56,819)	(55,142)
Net Increase (Decrease) in Cash	(1,333,677)	971,009
Cash, beginning	<u>3,238,186</u>	<u>2,267,177</u>
Cash, ending	<u>\$ 1,904,509</u>	<u>\$ 3,238,186</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	<u>\$ 16,021</u>	<u>\$ 17,699</u>

See accompanying notes to consolidated financial statements.

## **INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

Years Ended June 30, 2018 and 2017

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#### **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 (2-1-1 San Diego) 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. 2-1-1 San Diego's support and revenue comes primarily from contracts and grants.

Community Information Exchange (CIE) facilitates care coordination among social service and care providers in the greater San Diego region, using technology and processes to bring together information and people across safety net organizations.

##### Principles of Consolidation

The consolidated financial statements include, 2-1-1 San Diego and its wholly owned subsidiary, CIE (collectively referred to as the "Organization"). 2-1-1 San Diego's acquisition of CIE occurred on February 11, 2016. The integration allows for a client record that includes the client's history so providers can be better informed when interacting with that client, allowing for improved service delivery, care coordination, and ultimately positive social outcomes for the client and the service delivery community. Significant inter-company transactions and balances have been eliminated in consolidation.

##### 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, 2018 and 2017.

##### 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 considered necessary at June 30, 2018 and 2017 because management believes all amounts are collectible.

##### Promises to Give

Unconditional written pledges to the Organization 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 conditions are met. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. No allowance was considered necessary at June 30, 2018 and 2017 because management believes all amounts are collectible.

## INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY

### Notes to Consolidated Financial Statements

Years Ended June 30, 2018 and 2017

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

##### 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 consolidated 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 consolidated financial statements because the criteria for recognition as contributions of such volunteer effort have not been satisfied.

##### Income Taxes

2-1-1 San Diego and CIE are 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. 2-1-1 San Diego 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. CIE is a private foundation. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2018 and 2017, 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 consolidated financial statements related to uncertain tax positions for the years ended June 30, 2018 and 2017.

##### Use of Estimates

The preparation of consolidated 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.

##### Advertising

The Organization expenses the cost of advertising as incurred.

##### Subsequent Events

The Organization has evaluated subsequent events through December 4, 2018, which is the date the consolidated financial statements were available to be issued.

## INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY

### Notes to Consolidated Financial Statements

Years Ended June 30, 2018 and 2017

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#### Note 2 – Concentrations of Credit Risk

##### Cash

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At June 30, 2018 and 2017, the Organization had \$1,488,511 and \$3,107,744 that was exposed to uninsured deposit risk, respectively.

##### Customers

During the year ended June 30, 2018 the Organization received funding from grants of \$5,686,123 (57%) from two sources and during the year ended June 30, 2017 the Organization received funding from grants of \$6,659,240 (67%) from three sources. At June 30, 2018 and 2017, amounts due from funding sources included in accounts receivable, promises to give, and Food Stamp program receivable were \$1,474,116 (55%) from three sources and \$1,135,760 (62%) from three sources, respectively.

#### Note 3 – Promises to Give

Promises to give consist of the following at June 30:

	2018	2017
	<u>                    </u>	<u>                    </u>
Due in less than one year	\$ 488,357	\$ 534,644
Due in one to five years	72,899	137,608
	<u>561,256</u>	<u>672,252</u>
Discount to net present value (2.52% rate)	(2,249)	(2,460)
	<u>559,007</u>	<u>669,792</u>
Less: current portion	<u>(488,357)</u>	<u>(534,644)</u>
	<u>\$ 70,650</u>	<u>\$ 135,148</u>

#### Note 4 – Property and Equipment

Property and equipment consist of the following at June 30:

	2018	2017
	<u>                    </u>	<u>                    </u>
Leasehold improvements	\$ 1,362,655	\$ 1,362,655
Generator	379,007	379,007
Computers	277,259	271,656
Furniture and equipment	211,944	186,074
Website upgrade	137,785	137,785
Telecommunications system	54,293	54,295
	<u>2,422,943</u>	<u>2,391,472</u>
Less accumulated depreciation	<u>(986,796)</u>	<u>(779,110)</u>
	<u>\$ 1,436,147</u>	<u>\$ 1,612,362</u>

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

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2018 and 2017

**Note 5 – Restrictions on Net Assets**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Purpose and Time Restrictions:		
CIE Innovation Initiative Continuation	\$ 500,000	\$ 432,077
Veterans-Military	250,644	21,155
Healthy lifestyle programs	15,000	20,000
Outreach and education	7,798	42,763
Professional Development	5,000	-
Community Coordination Model	-	200,000
Community resource and data	-	68,202
Komen breast health	-	42,937
Disaster preparedness	-	2,874
Support for fire disaster call center	-	720
Mental health care coordination	-	190
	<u>\$ 778,442</u>	<u>\$ 830,918</u>

**Note 6 – Note Payable**

Note payable consists of the following at June 30:

	<u>2018</u>	<u>2017</u>
Note payable for tenant improvements, due to Lessor, due in monthly payments of \$6,080, including interest at 3%, matures March 2026.	\$ 503,134	\$ 559,954
Less: current portion	<u>(58,547)</u>	<u>(56,819)</u>
	<u>\$ 444,587</u>	<u>\$ 503,134</u>

Following is a summary of future principal payments as of June 30, 2018:

Year Ending <u>June 30,</u>	
2019	\$ 58,547
2020	60,328
2021	62,163
2022	64,054
2023	66,002
Thereafter	<u>192,040</u>
	<u>\$ 503,134</u>

## INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY

### Notes to Consolidated Financial Statements

Years Ended June 30, 2018 and 2017

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#### Note 7 – Line of Credit

The Organization has a \$750,000 unsecured line of credit with Union Bank, N.A. at a rate of interest equal to one-half percent above the Wall Street Journal Prime Rate. The line matures on December 31, 2018. There was no outstanding balance as of June 30, 2018.

#### Note 8 – Commitments

The Organization leases facilities in San Diego for office space. The lease term is from March 1, 2016 to May 31, 2026. The lease required a security deposit of \$52,428 and a monthly lease payment in the first month of \$43,133 followed by two months of rent abatement, and a third month of rent abatement occurring on the thirteenth month of the lease. Future payments return to the first month's amount and increase biannually by 5%. The three months of rent abatement are being amortized over the life of the lease on a straight-line basis.

Rent expense for the years ended June 30, 2018 and 2017 was \$513,600 and \$504,972, respectively.

Minimum future lease payments at June 30, 2018 are due as follows:

Year Ending <u>June 30,</u>	
2019	\$ 542,580
2020	556,860
2021	571,140
2022	585,420
2023	599,700
Thereafter	<u>1,818,145</u>
	<u>\$ 4,673,845</u>

#### Note 9 – Functional Allocation of Expenses

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

#### Note 10 – Contingencies

The Organization may periodically be a party in litigation cases incidental to its business activities. While any litigation or investigation has an element of uncertainty, management believes that the outcome of any of these matters will not have a materially adverse effect on its financial position, results of operations or liquidity.

#### Note 11 – Related Party Transactions

During the year ended June 30, 2018, the Organization received pledges and cash contributions totaling \$54,187 from members of the board of directors.

**SUPPLEMENTAL INFORMATION**



**INDEPENDENT AUDITORS' 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 of  
INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary

We have audited, in accordance with the 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, the consolidated financial statements of INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 4, 2018.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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*

**INDEPENDENT AUDITORS' 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**

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
December 4, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary

**Report on Compliance for Each Major Federal Programs**

We have audited INFO LINE of San Diego County dba 2-1-1 San Diego's and Subsidiary's compliance with the types of compliance requirements described in the *OMB 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 and Subsidiary's major federal programs for the year ended June 30, 2018. INFO LINE of San Diego County dba 2-1-1 San Diego's and Subsidiary's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of INFO LINE of San Diego County dba 2-1-1 San Diego's and Subsidiary's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 and Subsidiary'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 on compliance for each major federal program. However, our audit does not provide a legal determination of INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary.

**Opinion on Each Major Federal Program**

In our opinion, INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary complied, in all material respects, with the types of compliance 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, 2018.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

**Report on Internal Control over Compliance**

Management of INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered INFO LINE of San Diego County dba 2-1-1 San Diego's and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 and Subsidiary's internal control over compliance.

*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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Grant Guidance. Accordingly, this report is not suitable for any other purpose

*Aldrich CPAs + Advisors LLP*

San Diego, California  
December 4, 2018

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2018

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Direct Award				
FNS SNAP Technology	10.580	SNAP PTI 16 CA	\$ -	\$ 86,676
Pass Through Awards				
California Department of Social Services				
CalFresh Outreach Contract	10.561	16-SUB-00876	\$ 163,902	\$ 1,730,228
City and County of San Francisco				
San Francisco CalFresh Outreach	10.561		\$ -	\$ 244,509
<u>Federal Transit Administration</u>				
Pass Through Award				
San Diego Association of Governments				
Veterans Transportation and Community Living Initiative	20.500	5001939	\$ 8,012	\$ 183,359
<u>U.S. Department of Homeland Security</u>				
Pass Through Awards				
City of San Diego Office of Homeland Security				
Urban Areas Security Initiative (UASI)	97.067	2016-00102 and 2017-0083	\$ -	\$ 108,446
<u>U.S. Department of Housing and Urban Development</u>				
Pass Through Awards				
County Department of Housing and Community Development				
County of San Diego Housing Opportunities for				
Persons With AIDS (HOPWA)	14.241	552130	\$ -	\$ 75,207
County of San Marcos				
County of San Marcos	14.218	5466	\$ -	\$ 18,473
<u>Centers for Disease Control</u>				
Pass Through Awards				
Community Health Improvement Partners				
CHIP REACH Chula Vista Healthy Kids	93.738	5834-122-02	\$ -	\$ 38,950
			\$ 171,914	\$ 2,485,848

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Notes to Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2018

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**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 Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 2 – Summary of Significant Accounting Policies**

INFO LINE of San Diego County dba 2-1-1 San Diego and Subsidiary did not elect to use the 10% de minimus cost rate as covered in the Uniform Guidance 2.CFR.200.414 Indirect costs

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2018

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**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:  
Significant deficiency(ies) identified? yes none identified  
Material weakness(es) identified? yes no

Noncompliance material to the financial statements noted? yes no

**Federal Awards**

Internal control over major programs:  
Significant deficiency(ies) identified? yes none identified  
Material weakness(es) identified? yes no

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2.CFR.200.516(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee with the Uniform Guidance, 2.CFR.200.516(a)? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Finding and Questioned Costs**

None

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Schedule of Prior Year Findings and Questioned Costs**  
Year Ended June 30, 2018

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**Section IV – Schedule of Prior Year Findings and Questioned Costs**

None