

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

Consolidated Financial Statements and Supplemental  
Information

Years Ended June 30, 2019 and 2018



**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Consolidated Financial Statements and Supplemental Information**  
Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

### **Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 1 to the consolidated financial statements, INFO LINE of San Diego dba 2-1-1 San Diego and Subsidiary, adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

## 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 March 10, 2020 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  
March 10, 2020

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

June 30, 2019 and 2018

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| Current Assets:   |                     |                     |
| Cash  | \$ 3,048,660        | \$ 1,904,509        |
| Accounts receivable                                     | 1,568,285           | 2,090,726           |
| Food stamp program receivable                           | 108,109             | 26,630              |
| Current portion of promises to give                     | 96,174              | 488,357             |
| Prepays and other assets                                | <u>163,240</u>      | <u>283,072</u>      |
| Total Current Assets                                    | 4,984,468           | 4,793,294           |
| Non-current Assets:                                     |                     |                     |
| Promises to give, net                                   | 600                 | 70,650              |
| Property and equipment, net of accumulated depreciation | 1,236,259           | 1,436,147           |
| Deposits and other assets                               | <u>59,528</u>       | <u>82,995</u>       |
| Total Assets  | <u>\$ 6,280,855</u> | <u>\$ 6,383,086</u> |
| <b>LIABILITIES AND NET ASSETS</b>                       |                     |                     |
| Current Liabilities:                                    |                     |                     |
| Accounts payable  | \$ 126,380          | \$ 109,031          |
| Food stamp program payable                              | 108,109             | 26,630              |
| Accrued expenses  | 706,774             | 562,631             |
| Deferred revenue  | 102,285             | 10,837              |
| Current portion of note payable                         | 60,328              | 58,547              |
| Current portion of deferred rent                        | <u>12,624</u>       | <u>13,676</u>       |
| Total Current Liabilities                               | 1,116,500           | 781,352             |
| Long-term Liabilities:                                  |                     |                     |
| Note payable, net of current portion                    | 384,259             | 444,587             |
| Deferred rent, net of current portion                   | <u>74,694</u>       | <u>86,266</u>       |
| Total Liabilities                                       | 1,575,453           | 1,312,205           |
| Net Assets:   |                     |                     |
| Without Donor Restriction                               | 3,912,299           | 4,292,439           |
| With Donor Restriction                                  | <u>793,103</u>      | <u>778,442</u>      |
| Total Net Assets  | <u>4,705,402</u>    | <u>5,070,881</u>    |
| Total Liabilities and Net Assets                        | <u>\$ 6,280,855</u> | <u>\$ 6,383,086</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, 2019

|  | <u>Without Donor<br/>Restriction</u> | <u>With Donor<br/>Restriction</u> | <u>Total</u>        |
|--|--------------------------------------|-----------------------------------|---------------------|
| Support and Revenue:   |                                      |                                   |                     |
| Grants and contracts   | \$ 10,222,051                        | \$ -                              | \$ 10,222,051       |
| Contributions  | 733,736                              | 719,637                           | 1,453,373           |
| Special event, net of expenses of \$284,533                                    | 218,125                              | -                                 | 218,125             |
| Rental income  | 141,150                              | -                                 | 141,150             |
| Miscellaneous  | 32,623                               | -                                 | 32,623              |
| Fee for service  | 39,990                               | -                                 | 39,990              |
| In-Kind Donations  | 10,000                               | -                                 | 10,000              |
| Net assets released from restrictions,<br>satisfaction of program restrictions | <u>704,976</u>                       | <u>(704,976)</u>                  | <u>-</u>            |
| Total Support and Revenue  | 12,102,651                           | 14,661                            | 12,117,312          |
| Program and Supporting Expenses:   |                                      |                                   |                     |
| Program services:  |                                      |                                   |                     |
| 211 Call Center  | 3,638,217                            | -                                 | 3,638,217           |
| Enrollment   | 1,810,041                            | -                                 | 1,810,041           |
| CIE  | 1,618,918                            | -                                 | 1,618,918           |
| County Access  | 1,309,814                            | -                                 | 1,309,814           |
| Navigation   | 755,344                              | -                                 | 755,344             |
| VETS   | 655,279                              | -                                 | 655,279             |
| Other  | 460,259                              | -                                 | 460,259             |
| Disaster   | <u>283,229</u>                       | <u>-</u>                          | <u>283,229</u>      |
| Total Program Expenses   | 10,531,101                           | -                                 | 10,531,101          |
| Supporting services:   |                                      |                                   |                     |
| General and administrative   | 1,439,499                            | -                                 | 1,439,499           |
| Fundraising  | <u>512,191</u>                       | <u>-</u>                          | <u>512,191</u>      |
| Total Program and Supporting Expenses  | <u>12,482,791</u>                    | <u>-</u>                          | <u>12,482,791</u>   |
| Change in Net Assets   | (380,140)                            | 14,661                            | (365,479)           |
| Net Assets, beginning  | <u>4,292,439</u>                     | <u>778,442</u>                    | <u>5,070,881</u>    |
| Net Assets, ending   | <u>\$ 3,912,299</u>                  | <u>\$ 793,103</u>                 | <u>\$ 4,705,402</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

|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total               |
|--|------------------------------|---------------------------|---------------------|
| 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,<br>satisfaction of program restrictions | <u>823,120</u>               | <u>(823,120)</u>          | <u>-</u>            |
| Total Support and Revenue  | 11,898,573                   | (52,476)                  | 11,846,097          |
| Program and Supporting Expenses:   |                              |                           |                     |
| Program services:  |                              |                           |                     |
| 211 Call Center  | 2,886,020                    | -                         | 2,886,020           |
| CIE  | 1,680,433                    | -                         | 1,680,433           |
| Enrollment   | 1,436,711                    | -                         | 1,436,711           |
| County Access  | 1,112,861                    | -                         | 1,112,861           |
| Navigation   | 792,494                      | -                         | 792,494             |
| VETS   | 789,768                      | -                         | 789,768             |
| Disaster   | 432,699                      | -                         | 432,699             |
| Other  | <u>409,573</u>               | <u>-</u>                  | <u>409,573</u>      |
| Total Program Expenses   | 9,540,559                    | -                         | 9,540,559           |
| Supporting services:   |                              |                           |                     |
| General and administrative   | 1,530,555                    | -                         | 1,530,555           |
| Fundraising  | <u>445,460</u>               | <u>-</u>                  | <u>445,460</u>      |
| Total Program and Supporting Expenses  | <u>11,516,574</u>            | <u>-</u>                  | <u>11,516,574</u>   |
| Change in Net Assets   | 381,999                      | (52,476)                  | 329,523             |
| Net Assets, beginning  | <u>3,910,440</u>             | <u>830,918</u>            | <u>4,741,358</u>    |
| Net Assets, ending   | <u>\$ 4,292,439</u>          | <u>\$ 778,442</u>         | <u>\$ 5,070,881</u> |

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

**Consolidated Statement of Functional Expenses**

Year Ended June 30, 2019

|  | 211 Call Center   |                     | Program Services    |                     |                     |                   |                   |                   |                      | Supporting Services        |                   |                      |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|----------------------|----------------------------|-------------------|----------------------|
|  | Navigation        | Center              | Enrollment          | County Access       | CIE                 | VETS              | Disaster          | Other             | Total                | General and Administrative | Fundraising       | Total                |
| Salaries and benefits                        | \$ 620,724        | \$ 2,598,325        | \$ 1,205,167        | \$ 1,144,257        | \$ 946,056          | \$ 407,978        | \$ 155,814        | \$ 375,496        | \$ 7,453,817         | \$ 1,124,641               | \$ 424,762        | \$ 9,003,220         |
| Consultants                                  | 4,590             | 135,098             | 9,540               | 5,647               | 381,222             | 70,252            | 14,707            | 31,833            | 652,889              | 99,218                     | 40,757            | 792,864              |
| Occupancy                                    | 63,319            | 204,714             | 129,522             | 114,694             | 46,125              | 39,087            | 9,204             | 32,417            | 639,082              | 28,077                     | 18,493            | 685,652              |
| Subcontractor payments                       | 42,658            | 66,724              | 366,869             | -                   | 10,000              | 1,935             | -                 | -                 | 488,186              | -                          | -                 | 488,186              |
| Software licenses                            | 630               | 104,347             | 13,225              | -                   | 132,825             | 105,875           | -                 | -                 | 356,902              | 23,721                     | -                 | 380,623              |
| Telephone                                    | 363               | 286,119             | 3,795               | 7,809               | 5,008               | 5,999             | 48,592            | 1,813             | 359,498              | -                          | 1,320             | 360,818              |
| Depreciation                                 | 15,003            | 48,382              | 30,689              | 27,176              | 10,929              | 9,261             | 39,989            | 7,426             | 188,855              | 6,653                      | 4,382             | 199,890              |
| Travel                                       | 1,241             | 42,028              | 18,355              | -                   | 55,194              | 4,832             | 3,266             | 3,457             | 128,373              | 900                        | 2,137             | 131,410              |
| Dues, licenses and permits                   | 996               | 22,941              | 5,978               | -                   | 19,912              | 3,786             | 481               | 2,703             | 56,797               | 16,852                     | 1,536             | 75,185               |
| Equipment and maintenance                    | 831               | 54,933              | 1,700               | 1,505               | 605                 | 513               | 166               | 411               | 60,664               | 368                        | 2,052             | 63,084               |
| Insurance                                    | -                 | -                   | -                   | -                   | -                   | -                 | -                 | -                 | -                    | 60,258                     | -                 | 60,258               |
| Office supplies                              | 4,592             | 21,930              | 11,158              | 8,345               | 4,274               | 2,982             | 732               | 2,273             | 56,286               | 2,031                      | 1,835             | 60,152               |
| Advertising                                  | -                 | 23,727              | -                   | -                   | -                   | -                 | -                 | -                 | 23,727               | -                          | 10,000            | 33,727               |
| Employee and volunteer recognition           | -                 | 773                 | -                   | -                   | -                   | -                 | -                 | -                 | 773                  | 30,431                     | -                 | 31,204               |
| Food and catering                            | 128               | 7,729               | 648                 | -                   | 5,218               | 1,132             | 781               | -                 | 15,636               | 4,801                      | 4,221             | 24,658               |
| Staff development                            | 116               | 9,188               | 2,400               | -                   | -                   | 170               | -                 | -                 | 11,874               | 10,474                     | -                 | 22,348               |
| Interest                                     | -                 | -                   | -                   | -                   | -                   | -                 | -                 | -                 | -                    | 14,293                     | -                 | 14,293               |
| Bank fees                                    | -                 | -                   | -                   | -                   | 685                 | -                 | -                 | -                 | 685                  | 11,817                     | -                 | 12,502               |
| Printing and duplicating                     | -                 | 390                 | 5,102               | -                   | 846                 | 814               | -                 | 2,430             | 9,582                | 2,209                      | 575               | 12,366               |
| Postage                                      | 153               | 869                 | 5,893               | 381                 | 19                  | -                 | 51                | -                 | 7,366                | 2,755                      | 121               | 10,242               |
| Admin overhead expense                       | -                 | 10,000              | -                   | -                   | -                   | -                 | -                 | -                 | 10,000               | -                          | -                 | 10,000               |
| Generator fuel & maintenance                 | -                 | -                   | -                   | -                   | -                   | -                 | 9,446             | -                 | 9,446                | -                          | -                 | 9,446                |
| VTCLJ expenses                               | -                 | -                   | -                   | -                   | -                   | 663               | -                 | -                 | 663                  | -                          | -                 | 663                  |
| <b>Total Program and Supporting Expenses</b> | <b>755,344</b>    | <b>3,638,217</b>    | <b>1,810,041</b>    | <b>1,309,814</b>    | <b>1,618,918</b>    | <b>655,279</b>    | <b>283,229</b>    | <b>460,259</b>    | <b>10,531,101</b>    | <b>1,439,499</b>           | <b>512,191</b>    | <b>12,482,791</b>    |
| Special Events                               | -                 | -                   | -                   | -                   | -                   | -                 | -                 | -                 | -                    | -                          | 284,533           | 284,533              |
| <b>Total expenses</b>                        | <b>\$ 755,344</b> | <b>\$ 3,638,217</b> | <b>\$ 1,810,041</b> | <b>\$ 1,309,814</b> | <b>\$ 1,618,918</b> | <b>\$ 655,279</b> | <b>\$ 283,229</b> | <b>\$ 460,259</b> | <b>\$ 10,531,101</b> | <b>\$ 1,439,499</b>        | <b>\$ 796,724</b> | <b>\$ 12,767,324</b> |

See accompanying notes to consolidated financial statements.

**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 |
|---------------------------------------|------------------|--------------|---------------|--------------|--------------|------------|------------|------------|--------------|----------------------------|---------------------|---------------|--|-------|
|                                       | 211 Call Center  |              | County Access |              | CIE          | VETS       | Disaster   | Other      | Total        | General and Administrative |                     | Fundraising   |  |       |
|                                       | Navigation       | Center       | Enrollment    | Access       |              |            |            |            |              | Administrative             | Fundraising         |               |  |       |
| Salaries and benefits                 | \$ 639,336       | \$ 2,114,747 | \$ 989,266    | \$ 977,229   | \$ 781,483   | \$ 454,139 | \$ 257,782 | \$ 318,774 | \$ 6,532,756 | \$ 1,232,200               | \$ 384,874          | \$ 8,149,830  |  |       |
| Consultants                           | 8,040            | 67,339       | 15,004        | 1,450        | 443,631      | 85,758     | 17,175     | 45,944     | 684,341      | 101,804                    | 19,485              | 805,630       |  |       |
| Occupancy                             | 73,300           | 200,039      | 96,068        | 96,812       | 41,567       | 46,690     | 20,273     | 30,105     | 604,854      | 36,944                     | 18,472              | 660,270       |  |       |
| Telephone                             | 638              | 266,024      | 3,259         | 960          | 3,364        | 1,260      | 67,945     | 2,790      | 346,240      | (865)                      | 1,120               | 346,495       |  |       |
| Software licenses                     | 3,505            | 3,564        | 11,274        | 3,264        | 131,797      | 153,131    | -          | 630        | 307,165      | 1,091                      | -                   | 308,256       |  |       |
| Equipment and maintenance             | 1,395            | 42,410       | 55,379        | 1,843        | 189,935      | 5,860      | 437        | 573        | 297,832      | 703                        | 352                 | 298,887       |  |       |
| Subcontractor payments                | 41,295           | -            | 193,902       | -            | -            | 8,012      | -          | -          | 243,209      | -                          | -                   | 243,209       |  |       |
| Depreciation                          | 18,908           | 51,393       | 24,782        | 24,973       | 10,722       | 12,044     | 42,803     | 7,766      | 193,391      | 9,530                      | 4,765               | 207,686       |  |       |
| Dues, licenses and permits            | 170              | 33,699       | 11,727        | -            | 3,185        | 4,645      | 745        | 399        | 54,570       | 22,328                     | 6,348               | 83,246        |  |       |
| Travel                                | 931              | 50,368       | 15,122        | 23           | 3,887        | 3,516      | 2,491      | 740        | 77,078       | 2,558                      | 2,439               | 82,075        |  |       |
| Admin overhead expense                | -                | -            | -             | -            | 65,000       | -          | -          | -          | 65,000       | -                          | -                   | 65,000        |  |       |
| Insurance                             | -                | -            | -             | -            | -            | -          | -          | -          | -            | 54,846                     | -                   | 54,846        |  |       |
| Office supplies                       | 4,133            | 16,732       | 8,238         | 5,840        | 2,610        | 2,853      | 5,081      | 1,539      | 47,026       | 2,076                      | 1,230               | 50,332        |  |       |
| Food and catering                     | 160              | 10,627       | 416           | 21           | 1,865        | 7,396      | 8,300      | 64         | 28,849       | 2,724                      | 2,714               | 34,287        |  |       |
| Employee and volunteer recognition    | 40               | 3,558        | -             | 213          | -            | 641        | -          | -          | 4,452        | 26,685                     | 2,423               | 33,560        |  |       |
| Advertising                           | -                | 19,111       | 2,590         | -            | -            | -          | -          | -          | 21,701       | -                          | 1,110               | 22,811        |  |       |
| Interest                              | -                | -            | -             | -            | -            | -          | -          | -          | -            | 16,020                     | -                   | 16,020        |  |       |
| Staff development                     | 315              | 1,186        | -             | -            | -            | -          | 1,850      | -          | 3,351        | 9,909                      | -                   | 13,260        |  |       |
| Postage                               | 218              | 659          | 9,109         | 233          | -            | -          | -          | -          | 10,219       | 2,848                      | 128                 | 13,195        |  |       |
| Bank fees                             | -                | -            | -             | -            | 725          | -          | -          | -          | 725          | 7,838                      | -                   | 8,563         |  |       |
| Printing and duplicating              | 110              | 4,536        | 575           | -            | 662          | 278        | 650        | 249        | 7,060        | 1,066                      | -                   | 8,126         |  |       |
| Generator fuel & maintenance          | -                | -            | -             | -            | -            | -          | 7,167      | -          | 7,167        | -                          | -                   | 7,167         |  |       |
| VTCLI expenses                        | -                | -            | -             | -            | -            | 3,545      | -          | -          | 3,545        | -                          | -                   | 3,545         |  |       |
| Property tax                          | -                | -            | -             | -            | -            | -          | -          | -          | -            | 250                        | -                   | 250           |  |       |
| Outreach and education                | -                | 28           | -             | -            | -            | -          | -          | -          | 28           | -                          | -                   | 28            |  |       |
| Total Program and Supporting Expenses | 792,494          | 2,886,020    | 1,436,711     | 1,112,861    | 1,680,433    | 789,768    | 432,699    | 409,573    | 9,540,559    | 1,530,555                  | 445,460             | 11,516,574    |  |       |
| Special Events                        | -                | -            | -             | -            | -            | -          | -          | -          | -            | -                          | 234,137             | 234,137       |  |       |
| Total expenses                        | \$ 792,494       | \$ 2,886,020 | \$ 1,436,711  | \$ 1,112,861 | \$ 1,680,433 | \$ 789,768 | \$ 432,699 | \$ 409,573 | \$ 9,540,559 | \$ 1,530,555               | \$ 679,597          | \$ 11,750,711 |  |       |

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, 2019 and 2018

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities:   |                     |                     |
| Change in net assets  | \$ (365,479)        | \$ 329,523          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation  | 199,889             | 207,686             |
| Changes in operating assets and liabilities:  |                     |                     |
| Accounts receivable   | 522,441             | (963,493)           |
| Food stamp program receivable   | (81,479)            | 8,098               |
| Promises to give  | 462,233             | 110,785             |
| Prepaid expenses and other assets   | 119,832             | (229,034)           |
| Deposits and other assets   | 23,467              | (16,786)            |
| Accounts payable  | 17,349              | (143,410)           |
| Food stamp program payable  | 81,479              | 5,996               |
| Accrued expenses  | 144,143             | 117,006             |
| Deferred revenue  | 91,448              | (659,133)           |
| Deferred rent   | (12,624)            | (12,625)            |
|   | <u>1,202,698</u>    | <u>(1,245,387)</u>  |
| Net Cash Provided (Used) by Operating Activities  |                     |                     |
|   | 1,202,698           | (1,245,387)         |
| Cash Flows Used by Investing Activities:  |                     |                     |
| Purchases of property and equipment   | -                   | (31,471)            |
| Cash Flows Used by Financing Activities:  |                     |                     |
| Payments on note payable  | <u>(58,547)</u>     | <u>(56,819)</u>     |
|   |                     |                     |
| Net Increase (Decrease) in Cash   | 1,144,151           | (1,333,677)         |
| Cash, beginning   | <u>1,904,509</u>    | <u>3,238,186</u>    |
| Cash, ending  | <u>\$ 3,048,660</u> | <u>\$ 1,904,509</u> |
| Supplemental Disclosure of Cash Flow Information:   |                     |                     |
| Cash paid for interest  | <u>\$ 14,293</u>    | <u>\$ 16,021</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, 2019 and 2018

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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.

##### New Accounting Pronouncement

During the year ended June 30, 2019, The Organization adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset with donor restrictions until the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

##### Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding their financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were perpetual in nature for the years ended June 30, 2019 and 2018.

##### 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.

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

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

Years Ended June 30, 2019 and 2018

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

##### 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, 2019 and 2018 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, 2019 and 2018 because management believes all amounts are collectible.

##### 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 net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support without donor restrictions and increase net assets without donor restrictions.

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.

##### Advertising

The Organization follows the policy of charging the cost of advertising as incurred.

##### Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses (benefits, payroll taxes, etc.) are allocated on the basis of time.

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

### Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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

##### Functional Allocation of Expenses, Continued

All other expenses are broken out by accounts and are charged to the program or service based on direct usage or using fulltime equivalent as an allocation method.

##### 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, 2019 and 2018, 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, 2019 and 2018.

##### Future Accounting Standards

The Financial Accounting Standards Board (FASB) has issued three substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Organization is in the process of assessing how this new ASU and subsequent updates will affect The Organization's reporting of revenues. This assessment includes determining the effect of the new standard on The Organization's consolidated financial statements, accounting systems, business processes, and internal controls. Based on its assessment to date, The Organization does not currently expect adoption to have a material effect on its revenues. Adoption of ASU 2014-09 will also require enhanced consolidated financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, ASU 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* was issued to provide guidance on the accounting and reporting of grants and contributions. This guidance will assist nonprofit organizations in evaluating if a transaction is an exchange transaction or a contribution. Clarification was also added to determine if a contribution is conditional or unconditional and how each of these should be recorded. This update is effective for transactions in which the entity serves as the resource recipient for fiscal years beginning after December 15, 2018. The Organization is evaluating the effect that the provisions of ASU 2018-08 will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its consolidated financial statements and related disclosures.

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

### Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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

##### Subsequent Events

The Organization has evaluated subsequent events through March 10, 2020, which is the date the consolidated financial statements were available to be issued.

#### Note 2 – Liquidity and Availability

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the consolidated statement of financial position date.

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| Cash  | \$ 3,048,660        | \$ 1,904,509        |
| Accounts receivable   | 1,568,285           | 2,090,726           |
| Promises to give, current   | <u>96,174</u>       | <u>488,357</u>      |
| Total Financial Assets  | 4,713,119           | 4,483,592           |
| Less amounts not available to be used within one year for general purposes:         |                     |                     |
| Purpose restricted funds  | <u>(793,103)</u>    | <u>(778,442)</u>    |
| Financial Assets available to meet general expenditures over the next twelve months | <u>\$ 3,920,016</u> | <u>\$ 3,705,150</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization manages its liquidity and reserves through maintaining and reviewing budget to actual amounts and forecasted cash flows on a regular basis. The Organization also operates within a prudent range of financial soundness and stability and constantly maintains adequate liquid assets to fund near term operating needs.

Additionally, the Organization maintains a \$750,000 line of credit. As of June 30, 2019, \$750,000 remains available on the Organization's line of credit.

#### Note 3 – Concentrations of Credit Risk

##### Cash

The Organization maintains cash accounts at various financial institutions. The balances at time may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to \$250,000.

##### Customers

During the year ended June 30, 2019 the Organization received funding from grants of \$5,521,467 (57%) from two sources and during the year ended June 30, 2018 the Organization received funding from grants of \$5,686,123 (57%) from two sources. At June 30, 2019 and 2018, amounts due from funding sources included in accounts receivable, promises to give, and Food Stamp program receivable were \$1,056,812 (55%) from three sources and \$1,474,116 (55%) from three sources, respectively.

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY****Notes to Consolidated Financial Statements**

Years Ended June 30, 2019 and 2018

**Note 4 – Promises to Give**

Promises to give consist of the following at June 30:

|  | <u>2019</u>     | <u>2018</u>      |
|--|-----------------|------------------|
| Due in less than one year                  | \$ 96,174       | \$ 488,357       |
| Due in one to five years                   | <u>610</u>      | <u>72,899</u>    |
|  | 96,784          | 561,256          |
| Discount to net present value (2.52% rate) | <u>(10)</u>     | <u>(2,249)</u>   |
|  | 96,774          | 559,007          |
| Less: current portion                      | <u>(96,174)</u> | <u>(488,357)</u> |
|  | <u>\$ 600</u>   | <u>\$ 70,650</u> |

**Note 5 – Property and Equipment**

Property and equipment consist of the following at June 30:

|                               | <u>2019</u>         | <u>2018</u>         |
|-------------------------------|---------------------|---------------------|
| Leasehold improvements        | \$ 1,362,655        | \$ 1,362,655        |
| Generator                     | 379,007             | 379,007             |
| Computers                     | 277,259             | 277,259             |
| Furniture and equipment       | 211,944             | 211,944             |
| Website upgrade               | 137,785             | 137,785             |
| Telecommunications system     | <u>54,295</u>       | <u>54,293</u>       |
|                               | 2,422,944           | 2,422,943           |
| Less accumulated depreciation | <u>(1,186,685)</u>  | <u>(986,796)</u>    |
|                               | <u>\$ 1,236,259</u> | <u>\$ 1,436,147</u> |

**Note 6 – Note Payable**

Note payable consists of the following at June 30:

|  | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| Note payable for tenant improvements, due to Lessor, due in monthly payments of \$6,080, including interest at 3%, matures March 2026. | \$ 444,587        | \$ 503,134        |
| Less: current portion  | <u>(60,328)</u>   | <u>(58,547)</u>   |
|  | <u>\$ 384,259</u> | <u>\$ 444,587</u> |

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY****Notes to Consolidated Financial Statements**Years Ended June 30, 2019 and 2018

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**Note 6 – Note Payable, continued**

Following is a summary of future principal payments as of June 30, 2019:

| Year Ending<br><u>June 30,</u> |                   |
|--------------------------------|-------------------|
| 2020                           | \$ 60,328         |
| 2021                           | 62,163            |
| 2022                           | 64,054            |
| 2023                           | 66,002            |
| 2024                           | 68,009            |
| Thereafter                     | <u>124,031</u>    |
|                                | <u>\$ 444,587</u> |

**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 January 31, 2020. There was no outstanding balance as of June 30, 2019.

**Note 8 – Restrictions on Net Assets**

Net assets with donor restrictions consist of the following at June 30:

|                            | <u>2019</u>       | <u>2018</u>       |
|----------------------------|-------------------|-------------------|
| Purpose Restrictions:      |                   |                   |
| CIE                        | \$ 630,137        | \$ 500,000        |
| Healthy lifestyle programs | 85,000            | 15,000            |
| Veterans-Military          | 69,067            | 250,644           |
| Outreach and education     | 6,399             | 7,798             |
| Professional Development   | <u>2,500</u>      | <u>5,000</u>      |
|                            | <u>\$ 793,103</u> | <u>\$ 778,442</u> |

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

### Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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#### Note 8 – Restrictions on Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

|                                       | <u>2019</u>       | <u>2018</u>       |
|---------------------------------------|-------------------|-------------------|
| Satisfaction of Purpose Restrictions: |                   |                   |
| CIE                                   | \$ 500,000        | \$ 632,077        |
| Veterans-Military                     | 156,631           | -                 |
| Vets Community Connections (VCC)      | 26,946            | 21,155            |
| Outreach and education                | 21,399            | 112,183           |
| Healthy lifestyle programs            | -                 | 57,705            |
|                                       | <u>\$ 704,976</u> | <u>\$ 823,120</u> |

#### Note 9 – 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, 2019 and 2018 was \$530,856 and \$513,600, respectively.

Minimum future lease payments at June 30, 2019 are due as follows:

| Year Ending<br><u>June 30,</u> |                     |
|--------------------------------|---------------------|
| 2020                           | \$ 556,860          |
| 2021                           | 571,140             |
| 2022                           | 585,420             |
| 2023                           | 599,700             |
| 2024                           | 613,980             |
| Thereafter                     | <u>1,204,165</u>    |
|                                | <u>\$ 4,131,265</u> |

#### 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.

## **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, 2019, 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 March 10, 2020.

#### **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  
March 10, 2020

**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, 2019. 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, 2019.

**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  
March 10, 2020

**INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2019

| Federal/Pass-Through Grantor and Program Title                             | Federal<br>CFDA<br>Number | Agency or<br>Pass-Through<br>Grantor No. | Passed through<br>to<br>Sub recipients | Total Federal<br>Expenditures |
|--|---------------------------|--|--|-------------------------------|
| <u>U.S. Department of Agriculture</u>                                      |                           |  |  |                               |
| Pass Through Awards:   |                           |  |  |                               |
| California Department of Social Services                                   |                           |  |  |                               |
| Cal Fresh Outreach Contract  | 10.561                    | 16-SUB-00876 and 18-7012                 | \$ 366,869                             | \$ 2,058,869                  |
| City and County of San Francisco   |                           |  |  |                               |
| San Francisco Cal Fresh Outreach   | 10.561                    |  | -                                      | 251,342                       |
| <u>Federal Transit Administration</u>                                      |                           |  |  |                               |
| Pass Through Awards:   |                           |  |  |                               |
| San Diego Association of Governments                                       |                           |  |  |                               |
| Veterans Transportation and Community Living Initiative                    | 20.500                    | 5001939                                  | 1,935                                  | 52,473                        |
| <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                    | 2017-0083 and 2018-0054                  | -                                      | 124,979                       |
| California Governor's Office of Emergency Services                         |                           |  |  |                               |
| Cal OES Prevention of Violent Extremism                                    | 97.067                    | 2016-0102                                | -                                      | 63,200                        |
| <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<br>Persons With AIDS (HOPWA) | 14.241                    | 558957 and 552130                        | -                                      | 79,821                        |
| County of San Marcos   | 14.218                    | 5466                                     | -                                      | 18,473                        |
| City of Poway  | 14.218                    |  | -                                      | 11,990                        |
| <u>U.S. Department of Health and Human Services</u>                        |                           |  |  |                               |
| County of San Diego Public Health Services                                 | 93.778                    | 520056                                   | -                                      | 93,408                        |
| Perinatal Care Network   |                           |  |  |                               |
| <u>Internal Revenue Service</u>  |                           |  |  |                               |
| United Way of San Diego County   |                           |  |  |                               |
| Earned Income Tax Credit (EITC) Coalition                                  | 21.009                    |  | -                                      | 5,000                         |
| <u>Centers for Disease Control</u>   |                           |  |  |                               |
| Pass Through Awards:   |                           |  |  |                               |
| Community Health Improvement Partners                                      |                           |  |  |                               |
| CHIP REACH Chula Vista Healthy Kids  | 93.738                    | 5834-122-02                              | -                                      | 1,050                         |
|  |                           |  | <u>\$ 368,804</u>                      | <u>\$ 2,760,605</u>           |

**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, 2019

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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, 2019

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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             | Cal-Fresh Outreach 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, 2019

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

None