

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

Consolidated Financial Statements and Supplemental
Information

Years Ended June 30, 2020 and 2019



INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY
Consolidated Financial Statements and Supplemental Information
Years Ended June 30, 2020 and 2019

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
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 <i>Government Auditing Standards</i>	16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	18
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditures of Federal Awards	21
Schedule of Findings and Questioned Costs	22
Schedule of Prior Year Findings and Questioned Costs	23



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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, 2020 and 2019, 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, 2020 and 2019, 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

As described in Note 1 to the consolidated financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is unmodified 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 19, 2021 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 19, 2021

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

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 5,178,661	\$ 3,048,660
Accounts receivable	1,620,116	1,568,285
CalFresh program receivable	222,359	108,109
Current portion of promises to give	16,076	96,174
Prepays and other assets	<u>235,130</u>	<u>163,240</u>
Total Current Assets	7,272,342	4,984,468
Non-current Assets:		
Promises to give, net	-	600
Property and equipment, net of accumulated depreciation	1,112,686	1,236,259
Deposits and other assets	<u>59,528</u>	<u>59,528</u>
Total Assets	<u>\$ 8,444,556</u>	<u>\$ 6,280,855</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 635,652	\$ 126,380
CalFresh program payable	287,434	108,109
Accrued expenses	1,184,703	706,774
Deferred revenue	158,061	102,285
Current portion of note payable	62,163	60,328
Current portion of deferred rent	<u>12,624</u>	<u>12,624</u>
Total Current Liabilities	2,340,637	1,116,500
Long-term Liabilities:		
Note payable, net of current portion	322,096	384,259
Deferred rent, net of current portion	<u>62,070</u>	<u>74,694</u>
Total Liabilities	2,724,803	1,575,453
Net Assets:		
Without Donor Restrictions	5,082,043	3,912,299
With Donor Restrictions	<u>637,710</u>	<u>793,103</u>
Total Net Assets	<u>5,719,753</u>	<u>4,705,402</u>
Total Liabilities and Net Assets	<u>\$ 8,444,556</u>	<u>\$ 6,280,855</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 15,787,396	\$ -	\$ 15,787,396
Contributions	270,638	382,600	653,238
Rental income	107,350	-	107,350
Special event, net of expenses of \$100,590	67,038	-	67,038
Fee for service	62,928	-	62,928
Miscellaneous	10,529	-	10,529
Net assets released from restrictions, satisfaction of program restrictions	<u>537,993</u>	<u>(537,993)</u>	<u>-</u>
Total Support and Revenue	16,843,872	(155,393)	16,688,479
Program and Supporting Expenses:			
Program services:			
211 Call Center	3,593,940	-	3,593,940
County Access	2,327,543	-	2,327,543
Enrollment	2,325,004	-	2,325,004
CIE	1,043,641	-	1,043,641
Navigation	915,757	-	915,757
Disaster	660,009	-	660,009
VETS	398,503	-	398,503
Other	324,665	-	324,665
Total Program Expenses	<u>11,589,062</u>	<u>-</u>	<u>11,589,062</u>
Supporting services:			
General and administrative	2,874,092	-	2,874,092
Fundraising	<u>1,210,974</u>	<u>-</u>	<u>1,210,974</u>
Total Program and Supporting Expenses	<u>15,674,128</u>	<u>-</u>	<u>15,674,128</u>
Change in Net Assets	1,169,744	(155,393)	1,014,351
Net Assets, beginning	<u>3,912,299</u>	<u>793,103</u>	<u>4,705,402</u>
Net Assets, ending	<u>\$ 5,082,043</u>	<u>\$ 637,710</u>	<u>\$ 5,719,753</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 Restrictions</u>	<u>With Donor Restrictions</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, 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 Functional Expenses

Year Ended June 30, 2020

	Program Services								Supporting Services			
	211 Call Center	County Access	Enrollment	CIE	Navigation	Disaster	VETS	Other	Total	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 2,674,529	\$ 1,790,736	\$ 1,324,236	\$ 622,156	\$ 720,380	\$ 72,422	\$ 330,452	\$ 267,748	\$ 7,802,659	\$ 1,928,851	\$ 940,611	\$ 10,672,121
Consultants	211,321	68,220	30,266	162,066	19,060	143,150	549	43,356	677,988	397,133	208,807	1,283,928
Subcontractor payments	76,846	-	662,668	77,800	39,671	-	-	-	856,985	-	-	856,985
Occupancy	242,565	208,066	119,770	31,210	62,275	10,477	27,806	4,272	706,441	9,414	12,700	728,555
Equipment and maintenance	63,499	154,177	32,826	39,154	13,814	90,728	6,168	948	401,314	2,088	2,995	406,397
Telephone	159,004	34,629	59,581	8,508	29,604	36,369	15,398	340	343,433	44,326	1,454	389,213
Software licenses	426	2,003	16,330	50,470	3,099	10,140	5,250	-	87,718	267,385	1,045	356,148
Temp Labor	2,878	1,994	12,496	-	-	260,366	-	-	277,734	50,399	-	328,133
Depreciation	56,886	48,721	28,137	7,332	14,630	20,651	6,532	1,004	183,893	2,211	2,960	189,064
Office supplies	23,004	18,089	15,941	3,755	5,446	7,651	2,351	361	76,598	1,161	3,620	81,379
Dues, licenses and permits	7,700	-	1,075	21,793	1,975	60	2,567	3,453	38,623	24,715	4,707	68,045
Insurance	-	-	-	-	-	-	-	-	-	67,278	-	67,278
Advertising	62,621	-	265	-	-	-	-	-	62,886	-	1,096	63,982
Travel	4,395	154	7,188	16,331	4,407	203	307	1,144	34,129	4,067	5,321	43,517
Employee and volunteer recognition	1,202	229	268	67	374	10	57	121	2,328	30,606	2,489	35,423
Printing and duplicating	323	-	2,554	12	213	775	53	1,571	5,501	1,081	13,794	20,376
Food and catering	2,032	385	251	2,987	757	270	1,013	347	8,042	4,542	6,559	19,143
Postage	1,334	140	9,652	-	52	91	-	-	11,269	6,557	213	18,039
Interest	-	-	-	-	-	-	-	-	-	12,869	-	12,869
Staff development	3,375	-	1,500	-	-	-	-	-	4,875	6,694	500	12,069
Bank fees	-	-	-	-	-	-	-	-	-	9,215	2,103	11,318
Generator fuel & maintenance	-	-	-	-	-	6,646	-	-	6,646	-	-	6,646
Admin overhead expense	-	-	-	-	-	-	-	-	-	2,750	-	2,750
Miscellaneous	-	-	-	-	-	-	-	-	-	750	-	750
Total Program and Supporting Expenses	3,593,940	2,327,543	2,325,004	1,043,641	915,757	660,009	398,503	324,665	11,589,062	2,874,092	1,210,974	15,674,128
Special Events	-	-	-	-	-	-	-	-	-	-	100,590	100,590
Total expenses	\$ 3,593,940	\$ 2,327,543	\$ 2,325,004	\$ 1,043,641	\$ 915,757	\$ 660,009	\$ 398,503	\$ 324,665	\$ 11,589,062	\$ 2,874,092	\$ 1,311,564	\$ 15,774,718

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, 2019

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

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,014,351	\$ (365,479)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	189,064	199,890
Changes in operating assets and liabilities:		
Accounts receivable	(51,831)	522,441
CalFresh program receivable	(114,250)	(81,479)
Promises to give	80,698	462,233
Prepaid expenses and other assets	(71,890)	119,831
Deposits and other assets	-	23,467
Accounts payable	509,272	17,349
CalFresh program payable	179,325	81,479
Accrued expenses	477,930	144,143
Deferred revenue	55,776	91,448
Deferred rent	(12,624)	(12,624)
	<u>2,255,821</u>	<u>1,202,698</u>
Net Cash Provided by Operating Activities		
	2,255,821	1,202,698
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	(65,492)	-
Cash Flows Used by Financing Activities:		
Payments on note payable	<u>(60,328)</u>	<u>(58,547)</u>
Net Increase in Cash	2,130,001	1,144,151
Cash, beginning	<u>3,048,660</u>	<u>1,904,509</u>
Cash, ending	<u>\$ 5,178,661</u>	<u>\$ 3,048,660</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 12,869</u>	<u>\$ 14,293</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, 2020 and 2019

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

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This standard update clarifies and improves the scope and the accounting guidance for contributions received and contributions made under US GAAP. During the year ended June 30, 2020, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*.

Financial Statement Presentation

The consolidated financial statements of the Organization have been prepared in accordance with 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, 2020 and 2019.

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.

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, 2020 and 2019 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, 2020 and 2019

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

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, 2020 and 2019 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 and exchange transactions, 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.

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.

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

Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

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, 2020 and 2019, 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, 2020 and 2019.

Future Accounting Standards

The FASB has issued two substantial ASU 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 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 financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the consolidated 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, 2021. 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.

Subsequent Events

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. In response, the U.S. Government enacted significant provisions to provide relief and assistance to affected organizations. While the impact of COVID-19 has been strenuous on all sectors and industries in our region, 211 San Diego remained operational due to the nature of our mission and service to provide access to community, social, health, and disaster resources and information. With 211 San Diego built on a technology infrastructure that allows the agency to be flexible, scalable and nimble, 211 activated its remote-agent program to maintain a continuum of operations in which the mass majority of staff were able to work remotely. At the same time, as nonprofits, community-based organizations, government agencies, businesses and other entities were limited in some cases in delivery of services, 211 San Diego's service delivery increased due to the tremendous impact of the pandemic on our community, residents, individuals and families.

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

Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

Subsequent Events, continued

The Organization has evaluated subsequent events through March 19, 2021, 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>2020</u>	<u>2019</u>
Cash	\$ 5,178,661	\$ 3,048,660
Accounts receivable	1,620,116	1,568,285
Promises to give, current	<u>16,076</u>	<u>96,174</u>
Total Financial Assets	6,814,853	4,713,119
Less amounts not available to be used within one year for general purposes:		
Purpose restricted funds	<u>(637,710)</u>	<u>(793,103)</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 6,177,143</u>	<u>\$ 3,920,016</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.

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, 2020 the Organization received funding from grants of \$10,105,949 (67%) from two sources and during the year ended June 30, 2019 the Organization received funding from grants of \$5,521,467 (57%) from two sources. At June 30, 2020 and 2019, amounts due from funding sources included in accounts receivable, promises to give, and CalFresh program receivable were \$956,484 (52%) from three sources and \$1,056,812 (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, 2020 and 2019

Note 4 – Promises to Give

Promises to give consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 16,076	\$ 96,174
Due in one to five years	-	610
	<u>16,076</u>	<u>96,784</u>
Discount to net present value (2.52% rate)	-	(10)
	<u>16,076</u>	<u>96,774</u>
Less: current portion	<u>(16,076)</u>	<u>(96,174)</u>
	<u>\$ -</u>	<u>\$ 600</u>

Note 5 – Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 1,362,655	\$ 1,362,655
Generator	379,007	379,007
Furniture and equipment	277,436	211,944
Computers	277,259	277,259
Website upgrade	137,785	137,785
Telecommunications system	54,295	54,295
	<u>2,488,436</u>	<u>2,422,945</u>
Less accumulated depreciation	<u>(1,375,750)</u>	<u>(1,186,686)</u>
	<u>\$ 1,112,686</u>	<u>\$ 1,236,259</u>

Note 6 – Note Payable

Note payable consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Note payable for tenant improvements, due to Lessor, due in monthly payments of \$6,080, including interest at 3%, matures March 2026.	\$ 384,259	\$ 444,587
Less: current portion	<u>(62,163)</u>	<u>(60,328)</u>
	<u>\$ 322,096</u>	<u>\$ 384,259</u>

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

Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

Note 6 – Note Payable, continued

Following is a summary of future principal payments as of June 30, 2020:

Year Ending June 30,	
2021	\$ 62,163
2022	64,054
2023	66,002
2024	68,009
2025	68,009
Thereafter	<u>56,022</u>
	<u>\$ 384,259</u>

Note 7 – Restrictions on Net Assets

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

	<u>2020</u>	<u>2019</u>
Purpose Restrictions:		
CIE	\$ 345,140	\$ 630,137
Healthy lifestyle programs	120,000	85,000
COVID-19 response	110,000	-
Technology	40,922	-
Outreach and education	10,365	6,399
Professional Development	8,783	2,500
Veterans-Military	<u>2,500</u>	<u>69,067</u>
	<u>\$ 637,710</u>	<u>\$ 793,103</u>

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>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
CIE	\$ 383,751	\$ 500,000
Healthy lifestyle programs	85,000	-
Veterans-Military	69,067	156,631
Outreach and education	175	21,399
Vets Community Connections (VCC)	<u>-</u>	<u>26,946</u>
	<u>\$ 154,242</u>	<u>\$ 204,976</u>

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

Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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, 2020 and 2019 was \$539,912 and \$530,856, respectively.

Minimum future lease payments at June 30, 2020 are due as follows:

Year Ending <u>June 30,</u>	
2021	\$ 558,023
2022	567,536
2023	586,559
2024	596,548
2025	616,524
Thereafter	<u>565,146</u>
	<u>\$ 3,490,336</u>

Note 9 – 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, 2020, 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 19, 2021.

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 19, 2021

**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, 2020. 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, 2020.

**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 19, 2021

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO AND SUBSIDIARY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Passed through to Sub recipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Pass Through Awards:				
California Department of Social Services CalFresh Outreach Contract	10.561	18-7012	\$ 494,555	\$ 1,839,286
California Department of Social Services CalFresh SSI Expansion	10.561	18-7012 A-1	161,270	592,377
City and County of San Francisco San Francisco CalFresh Outreach	10.561		-	287,560
			<u>655,825</u>	<u>2,719,223</u>
<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	2018-0054	-	79,097
<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	558957	-	75,040
County Department of Housing and Community Development HCDS Section 8 Waitlist	14.871	560458	-	218,000
City of San Marcos Community Services Information Referral for Low-Income San Marcos Residents	14.218	5466	-	18,473
City of Poway	14.218		-	16,688
			<u>-</u>	<u>328,201</u>
<u>U.S. Department of Health and Human Services</u>				
University of California San Francisco AHRQ Research Project	93.226	1R18HS027394-01	-	66,457
County of San Diego Health & Human Services Agency Perinatal Care Network	93.778	560458	-	265,000
			<u>-</u>	<u>331,457</u>
<u>Centers for Disease Control</u>				
Pass Through Awards:				
County of San Diego Health & Human Services Agency CDC Racial & Ethnic Approaches to Community Health (REACH)	93.738	560458	-	221,698
County of San Diego Health & Human Services Agency CDC Heart Disease & Stroke Prevention	93.435	560458	-	91,585
			<u>-</u>	<u>313,283</u>
			<u>\$ 1,311,650</u>	<u>\$ 3,771,261</u>

See independent auditors' report and notes to schedule of expenditures of federal awards.

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, 2020

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, 2020

Section I – Summary of Auditors’ Results

Consolidated 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, 2020

Section IV – Schedule of Prior Year Findings and Questioned Costs

None