

ONEOC

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2017

WITH INDEPENDENT AUDITORS' REPORT

**ONEOC
TABLE OF CONTENTS
DECEMBER 31, 2017**

	<u>Page</u>
Letter from the Board Chair and President and CEO	i
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7
Supplementary Information:	
Schedule of Functional Expenses	22



OneOC is a 60-year-old 501(c)3 organization that inspires, equips and connects nonprofits and companies so that they can do more social good, with better results, and partner together. We offer smart, easy and impactful solutions to help build and grow their mission effectiveness, business efficiency and strategy execution, with a suite of integrated capacity building and management services, from strategy thru execution.

During 2017, OneOC helped nonprofits and companies do more social good, with better results, and partner together in the following ways:

VOLUNTEER SERVICES: Delivered a value of \$17.1 million in volunteerism through 4 signature Days of Service, 42 AmeriCorps fellowships, 16 company volunteer projects, and the online Volunteer Calendar; all connecting peoples' passions to the causes they care about the most within our community.

ORGANIZATIONAL DEVELOPMENT SERVICES: Our professional development opportunities grew the skills of 2,051 nonprofit staff, volunteers and board members from 368 organizations, advancing their organizational effectiveness and efficiency. Over 360 businesses and nonprofits realized the benefits of OneOC membership programs.

BACK OFFICE BUSINESS SERVICES: 47 nonprofit community projects operated under the fiscal sponsorship of OneOC's 501(c)3 corporate umbrella. They were provided essential back office infrastructure services and the expertise they needed in financial, human resource, risk, and grants management along with OneOC's governance to ensure their mission and business success. OneOC also offered a full range of bookkeeping and accounting services to non-profits so they can focus on fulfilling their mission.

COMPANY CHARITABLE FUNDS: Companies with charitable giving funds at OneOC and/or companies who distributed OneOC's charitable giving cards collectively contributed \$2.7 million to the nonprofit sector. Our experienced team of experts and board members, working alongside our partner organizations, made it possible to report that last year we continued to grow our mission impact and financial sustainability.

We are pleased to present OneOC's 2017 financial statements.

A handwritten signature in black ink, appearing to read 'Peter Duncan'.

Peter Duncan
Chairman of the Board

A handwritten signature in black ink, appearing to read 'Daniel McQuaid'.

Daniel McQuaid
OneOC President & CEO

INDEPENDENT AUDITORS' REPORT

Board of Directors
OneOC
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of OneOC (a California nonprofit public benefit corporation) ("OneOC"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the 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.

Auditors' Responsibility (Continued)

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 financial statements referred to above present fairly, in all material respects, the financial position of OneOC as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 May 24, 2018, on our consideration of OneOC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OneOC's internal control over financial reporting and compliance.

Report on Summarized Comparative Financial Statements

The financial statements of OneOC as of December 31, 2016, were audited by other auditors whose report dated May 12, 2017 (except for Note 13, as to which date is September 21, 2017), expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

White Nelson Dick Evans LLP

Irvine, California
May 24, 2018

ONEOC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(WITH SUMMARIZED TOTALS FOR 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2017</u>	<u>Totals 2016</u>
Current Assets:				
Cash and cash equivalents	\$ 525,277	\$ 2,913,136	\$ 3,438,413	\$ 3,644,095
Accounts receivable	561,969	-	561,969	378,700
Contributions, contracts, and grants receivable	198,220	618,582	816,802	1,966,300
Investments - company charitable funds	1,672,079	-	1,672,079	423,905
Inventory	190	-	190	992
Prepaid expenses	47,340	2,114	49,454	59,891
	<u>3,005,075</u>	<u>3,533,832</u>	<u>6,538,907</u>	<u>6,473,883</u>
Total current assets				
Property and Equipment, Net	88,634	29,070	117,704	170,945
Other Assets - Deposits	2,449	4,095	6,544	5,066
	<u>3,096,158</u>	<u>3,566,997</u>	<u>6,663,155</u>	<u>6,649,894</u>
Total Assets				
Current Liabilities:				
Current portion of capital lease obligation	\$ 3,447	\$ -	\$ 3,447	\$ 3,179
Accounts payable	97,493	91,545	189,038	199,828
Accrued expenses	286,739	58,691	345,430	313,305
Grants payable	89,200	159,703	248,903	1,440,246
Deferred revenue	314,518	-	314,518	86,242
	<u>791,397</u>	<u>309,939</u>	<u>1,101,336</u>	<u>2,042,800</u>
Total current liabilities				
Long-Term Liability:				
Capital lease obligation, net of current portion	3,738	-	3,738	7,185
	<u>795,135</u>	<u>309,939</u>	<u>1,105,074</u>	<u>2,049,985</u>
Total liabilities				
Net Assets:				
Unrestricted:				
Company charitable funds	1,550,655	-	1,550,655	221,265
Undesignated	750,368	-	750,368	1,115,809
	<u>2,301,023</u>	<u>-</u>	<u>2,301,023</u>	<u>1,337,074</u>
Total unrestricted				
Temporarily restricted	-	3,257,058	3,257,058	3,262,835
	<u>2,301,023</u>	<u>3,257,058</u>	<u>5,558,081</u>	<u>4,599,909</u>
Total net assets				
Total Liabilities and Net Assets	<u>\$ 3,096,158</u>	<u>\$ 3,566,997</u>	<u>\$ 6,663,155</u>	<u>\$ 6,649,894</u>

The accompanying notes are an integral part of these financial statements.

ONEOC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED TOTALS FOR 2016)

	Unrestricted	Temporarily Restricted	Totals 2017	Totals 2016
Revenues and Other Support:				
Contributions and grants	\$ 618,232	4,005,417	\$ 4,623,649	\$ 4,361,036
Service fees	1,651,924	27,229	1,679,153	2,144,622
Government service contracts	626,865	1,305,692	1,932,557	2,052,309
Memberships	124,130	141,835	265,965	502,370
Special events, net of costs of direct benefits to donors of \$77,153	268,874	181,500	450,374	384,280
Miscellaneous revenue	2,778	1,320	4,098	17,103
	<u>3,292,803</u>	<u>5,662,993</u>	<u>8,955,796</u>	<u>9,461,720</u>
Contributions - company charitable funds	2,811,009	-	2,811,009	3,596,012
Total revenues and other support	6,103,812	5,662,993	11,766,805	13,057,732
Net Assets Released from Restrictions	<u>5,668,770</u>	<u>(5,668,770)</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	11,772,582	(5,777)	11,766,805	13,057,732
Expenses:				
Program services:				
Volunteer services	1,964,800	-	1,964,800	1,849,706
Organizational development services	598,591	-	598,591	540,459
Back office business services	5,708,354	-	5,708,354	5,299,888
Company charitable funds	1,483,369	-	1,483,369	3,550,342
Total program services	9,755,114	-	9,755,114	11,240,395
Supporting services:				
Management and general	468,446	-	468,446	481,340
Fundraising	585,073	-	585,073	891,227
Total supporting services	<u>1,053,519</u>	<u>-</u>	<u>1,053,519</u>	<u>1,372,567</u>
Total expenses	10,808,633	-	10,808,633	12,612,962
Loss on Disposition of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>484</u>
Total expenses and loss	<u>10,808,633</u>	<u>-</u>	<u>10,808,633</u>	<u>12,613,446</u>
Increase (Decrease) in Net Assets	963,949	(5,777)	958,172	444,286
Net Assets, Beginning of Year	1,337,074	3,262,835	4,599,909	4,203,651
Transfer of Assets to Fiscal Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,028)</u>
Net Assets, End of Year	<u>\$ 2,301,023</u>	<u>\$ 3,257,058</u>	<u>\$ 5,558,081</u>	<u>\$ 4,599,909</u>

The accompanying notes are an integral part of these financial statements.

ONEOC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 958,172	\$ 444,286
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	94,441	84,945
Inventory - donated, net	1,552	2,062
Loss on disposition of fixed assets	-	484
Changes in assets and liabilities:		
(Increases) decreases in:		
Accounts receivable	(183,269)	(30,675)
Contributions, contracts and grants receivable	1,149,498	(1,442,564)
Inventory	(750)	(992)
Prepaid expenses	10,437	(5,781)
Deposits	(1,478)	3,500
Increases (decreases) in:		
Accounts payable and accrued expenses	21,335	(10,675)
Grants payable	(1,191,343)	877,046
Deferred revenue	228,276	32,720
Net cash and cash equivalents provided by (used in) operating activities	<u>1,086,871</u>	<u>(45,644)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(41,200)	(41,075)
Purchases of investments - company charitable funds	(7,456,017)	(2,439,957)
Sales of investments - company charitable funds	6,207,843	2,268,925
Cash transfer to emancipated fiscal projects	-	(48,028)
Net cash and cash equivalents used in investing activities	<u>(1,289,374)</u>	<u>(260,135)</u>
Cash Flows from Financing Activities:		
Principal payments on capital lease obligation	(3,179)	(2,932)
Net cash and cash equivalents used in financing activities	<u>(3,179)</u>	<u>(2,932)</u>
Net Decrease in Cash and Cash Equivalents	(205,682)	(308,711)
Cash and Cash Equivalents, Beginning of Year	<u>3,644,095</u>	<u>3,952,806</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,438,413</u>	<u>\$ 3,644,095</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	<u>\$ 768</u>	<u>\$ 1,204</u>

The accompanying notes are an integral part of these financial statements.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Business and Summary of Significant Accounting Policies

OneOC is a California nonprofit public benefit corporation established in 1958. During its 60-year history, OneOC, formerly Volunteer Center of Greater Orange County, has grown and matured from a simple clearinghouse for recruiting and placing volunteers in local nonprofit organizations, to a one-stop-shop offering a comprehensive suite of integrated services for both nonprofit organizations and companies.

OneOC is a professional service organization that accomplishes its goals with funding from private and public sources to deliver the following services:

Volunteer Services is for individuals, companies, self-directed teams, and nonprofit organizations who want meaningful volunteer experiences that result in increased civic engagement.

Organizational Development Services delivers training, membership, and consulting services for nonprofit and company leaders, professionals, and volunteers who want to develop their knowledge and skills for greater personal and organizational mission impact and business success.

Back Office Business Services

OneOC offers back office business services for social entrepreneurs, foundations, and collaborations who want to operate more effectively and efficiently using OneOC's fiscal sponsorship for their nonprofit infrastructure and/or back office services. Organizations can focus on what they do best and fulfill their mission by using OneOC's nonprofit accounting services.

Company Charitable Funds

Companies are able to establish their own charitable fund giving programs, without forming a private foundation, using OneOC's company foundation (donor-advised fund) and/or charitable giving cards.

Basis of Accounting

The financial statements of OneOC have been prepared on the accrual basis of accounting. OneOC recognizes contributions and grants received, including unconditional promises to give, as revenues in the period received. Net assets, revenues, expenses, gains, and losses are classified based on the existence of or absence of donor-imposed restrictions. Accordingly, net assets, and changes therein, are classified and reported as follows:

Unrestricted Net Assets - Unrestricted net assets are not subject to donor-imposed stipulations. They represent the portion of expendable funds available for support of operations. It is also OneOC's policy to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions. Funds received through OneOC's Company Charitable Funds Program are classified as unrestricted net assets because the governing instruments of OneOC and donor agreements provide OneOC with variance power.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Temporarily Restricted Net Assets - Contributions restricted by donors for a particular program, fiscally sponsored projects, or time period are reported as temporarily restricted revenue when received. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. Starting in 2007, OneOC began receiving and disbursing temporarily restricted funds at the discretion and direction of the advisory committee for each of OneOC's fiscally sponsored projects.

Permanently Restricted Net Assets - Permanently restricted net assets consist of donor-restricted funds for which the corpus is to be held in perpetuity and invested for purposes of producing present and future income that may be expended by OneOC. At December 31, 2017, OneOC did not have any permanently restricted net assets.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

OneOC considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

OneOC's cash is maintained in a commercial bank and consists of cash on deposit. At December 31, 2017, OneOC had cash in the bank in excess of Federal Deposit Insurance Corporation insurance limits of approximately \$3,142,000.

Accounts Receivable

OneOC provides an allowance for doubtful accounts that is based upon review of outstanding receivables. Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Contributions, Contracts, and Grants Receivables

Contributions are recognized when the donor makes a promise to give to OneOC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Management considers contributions, contracts, and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Inventory

Inventory, consisting of gift certificates, is stated at fair value at the date received or market. Fair value is determined based on the dollar value assigned to each unit.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or estimated fair value at the date of the donation, if donated. OneOC follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000 in aggregate. Depreciation is provided over their estimated useful lives using the straight-line method. The useful life for computers and software is three years and furniture and equipment is five to ten years. Property and equipment for fiscally sponsored projects are considered temporarily restricted.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income.

Long-lived assets, such as property and equipment, are reviewed on an ongoing basis for impairment based on comparison of carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value. There were no such adjustments during the year ended December 31, 2017.

Compensated Absences

OneOC has a policy permitting employees to accumulate unused vacation benefits. Upon termination or retirement, unused vacation benefits will be paid at the employee's regular payroll rate. The balance of unused vacation benefits at December 31, 2017, was approximately \$169,000 and is included in accrued expenses in the accompanying financial statements.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Deferred revenue consists of (1) membership dues that are recognized using the straight-line basis over 12 months, (2) training fees that are recognized when the classes have been taught, (3) consulting fees that are recognized when the services have been performed, and (4) corporate projects that are recognized when the event occurs.

Fair Value Measurements

The carrying values of OneOC's cash and cash equivalents, accounts receivable, contributions, contracts and grants receivable, prepaid expenses, deposits, accounts payable, grants payable, accrued expenses, and deferred revenue approximate their respective fair values due to their short maturities.

OneOC reports investments in investment pools based on the units of participation in the fair value of the assets. Each unit in an investment pool invests directly in a unit of investment holdings. Unit values are calculated based on the observable quoted price in active markets or net asset value of the underlying investment. Fair value of the investment pools is estimated using net asset value per share (or its equivalent) as a practical expedient. Investments measured at net asset value per share (or its equivalent) as a practical expedient are not included in the fair value hierarchy and are not categorized as Level 1, 2, or 3 investments. The investment pools are held and managed by Greater Kansas City Community Foundation ("GKCCF"), which is also known as Greater Horizons. GKCCF's investment committee determines the appropriateness of investment mix options and monitors investment performance. Interest income is allocated monthly based on the average daily balance. The gains and losses are included in the statement of activities.

Risks and Uncertainties

OneOC owns units of participation in investment pools. OneOC permits donor advisors to recommend allocation of their funds between a money market pool and approved investments. The asset allocation of any individual fund is dependent on the donor's recommendation between these approved options. The money market pool invests in US dollar-denominated money market securities of domestic and foreign issuers, US government securities, and repurchase agreements. The intermediate-term fixed income and short-term fixed income pools invest in US Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities, and US Treasury Inflation-Protected Securities. The equity pool's stock holdings are diversified across market capitalizations and sectors. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect investments' account balances and the amounts reported in the statement of activities and the statement of financial position.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Sources of Revenue

OneOC receives revenue from the following sources:

Service Fees:

Revenues from each of the following programs are reported as service fees in the accompanying statement of activities:

Training and Consulting - Individuals and organizations pay a service fee for OneOC's nonprofit training and professional consultation.

Community Service Program - Individuals are assessed a fee to be placed in appropriate nonprofit or governmental sites where they can perform and obtain documentation of their court-ordered community service.

AmeriCorps Programs - Nonprofit organizations pay a management fee to OneOC to place an AmeriCorps member at one of its locations for 5 to 12 months and to administer the program.

Match.Meet.Serve Projects - Corporations pay a fee to OneOC to develop and to manage customized team volunteer projects for their employees.

Business Services Program - Corporations, community funders, and organizers pay a service fee for OneOC's management of fiscally sponsored projects and giving services and nonprofit accounting services.

Contributions and Grants:

Contributions and Grants - Revenue from contributions and grants is recognized when received and classified as unrestricted, temporarily restricted, or permanently restricted based on donor specifications.

In-Kind Donations - OneOC recognizes the estimated fair value of contributed goods and services both as revenue and an offsetting expense or asset when required.

Government Service Contracts:

Federal:

OneOC Retired Senior Volunteer Program ("RSVP") - OneOC obtained a multiyear cost reimbursement grant funded by the Corporation for National and Community Service, an independent federal agency.

**ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Sources of Revenue (Continued)

Government Service Contracts: (Continued)

Federal: (Continued)

OneOC AmeriCorps Programs - Focusing on nonprofit organizations and public institutions that serve low-income individuals, OneOC trains and equips AmeriCorps Fellows in volunteer recruitment and management best practices to create and improve existing volunteer programs. All of the AmeriCorps programs originate with the Corporation for National and Community Service. Disaster Resiliency for Vulnerable Populations is administered through California Volunteers. Volunteer Infrastructure Project and Volunteer Infrastructure Project - Service Enterprise are administered through the Napa County Department of Education.

OC PICH Programs - Three fiscal sponsorship projects have grants through the Centers for Disease Control and Prevention through the US Department of Health and Human Services titled Partnerships to Improve Community Health (“PICH”). These grants seek to implement policy systems and environmental interventions to improve health and reduce the burden of chronic diseases.

Healthy Tomorrows, Partnership for Children - This grant is provided by the US Department of Health and Human Services through the Health Resources and Services Administration, Maternal and Child Health Bureau. The fiscally sponsored project, Clinic in the Park, was issued a five-year grant to engage communities to work to improve maternal and child health through prevention and better access to health care.

Medi-Cal Outreach, Enrollment, and Retention Activities (“AB82”) - AB82 is administered through the County of Orange Social Services Agency on behalf of the State of California and the Department of Health Care Services (“DHCS”). The goal is to provide activities to reach newly eligible and hard-to-reach individuals/families incorporated under the Affordable Care Act. A fiscally sponsored project is the lead agency for the County of Orange.

Medi-Cal Administrative Activities (“MAA”) - MAA is administered through the Children and Families Commission of Orange County (“CFCOC”) / County of Orange Health Care Agency. These funds are for outreach activities that are targeted to educating the general population, determining eligibility status, and enrolling individuals in the Medi-Cal covered services. A fiscally sponsored project receives this grant through the DHCS.

Food Insecurity Nutrition Incentive Grants (“FINI”) - The US Department of Food & Agriculture, National Institute for Food & Agriculture provides a grant to one fiscally sponsored project to improve food security by matching customers’ federal nutrition benefits at the farmers market. This grant is administered through the Ecology Center Berkeley.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Sources of Revenue (Continued)

Government Service Contracts: (Continued)

Federal: (Continued)

Supplemental Nutrition Assistance Program (“SNAP”) - The US Department of Agriculture (“USDA”), Agricultural Marketing Services provides a grant to one fiscally sponsored project to offer nutrition assistance to eligible, low-income individuals and families and provide economic benefits to communities. This grant is administered through the USDA, Food and Nutrition Service.

California Volunteers - California Volunteers issues grants on behalf of the State of California to teach nonprofit organizations how to run volunteer programs called the Social Enterprise Initiative.

The Fisheries Headquarters Program Office through the US Department of Commerce & National Oceanic and Atmospheric Administration - Fisheries Headquarters Program Office provides a grant to a fiscally sponsored project with regard to the marine protected area kelp forest and rocky intertidal monitoring in preparation for abalone restoration activities.

State and County:

Back Office Business Services Program - The following state and county agencies have provided funding to OneOC’s core services and the fiscally sponsored projects: the County of Orange, Covered California/Health Benefit Exchange, and multiple school districts.

Memberships:

OneOC receives membership dues from nonprofit organizations and corporations in exchange for discounts, premiums, and services.

OneOC also receives membership dues in its back office business services program related to fiscally sponsored projects.

Special Events:

Special Events - Public support generated through fundraising activities and public recognition functions are reported as special events.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Donated Materials, Facilities, and Services

Contributions of donated noncash assets (in-kinds) are recorded at estimated fair values at the date received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, are recorded at the estimated fair values in the period received.

Additionally, a number of unpaid volunteers have made significant contributions of their time to OneOC. These volunteers perform such services as clerical duties and assistance with the administration of fundraising events. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

Functional Allocation of Expenses

Certain expenses for shared overhead and facilities (bank charges, outside services, photocopying, telephone, rent, etc.) are allocated by management to the three program services principally on the basis of direct salary program expenses.

Income Taxes

OneOC is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, OneOC is subject to income taxes on any net income that is derived from an unrelated business activity and not in furtherance of the purposes for which it was granted exemption. No income tax provision had been recorded, as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the accompanying financial statements taken as a whole. OneOC's tax years from 2015 to 2017 are open to review for federal tax purposes and tax years from 2014 to 2017 are open to review for state tax purposes.

OneOC follows the accounting for uncertainty in income taxes recognized in a nonpublic entity's financial statements. It details how entities should recognize, measure, present, and disclose uncertain tax positions that have been or are expected to be taken. As such, financial statements will reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts. There was no impact to OneOC's financial statements as a result of these provisions.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

New Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU establishes a comprehensive revenue recognition standard for virtually all industries in GAAP, including those that previously followed industry-specific guidance, such as the real estate, construction, and software industries. The ASU core principle is to recognize revenue to depict the transfer of 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. During 2014-2016, the FASB issued various amendments to this topic and the amendments clarified certain positions and extended the implementation date until annual periods beginning after December 15, 2018. Early adoption is permitted, but no earlier than periods beginning after December 15, 2016. OneOC is currently evaluating the impact of the provisions of ASU 2014-09 on the presentation of its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize lease assets and liabilities for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early application is permitted. OneOC is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

On August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which finalizes proposed ASU 2015-230 and simplifies and improves the manner in which a not-for-profit entity classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted prospectively as of the beginning of an interim or annual reporting period. OneOC is currently evaluating the impact of the provisions of ASU 2016-14 on the presentation of its financial statements.

Note 2: Program Services

Volunteer Services

Community Program - OneOC develops an array of meaningful volunteer activities, service learning experiences, and volunteer recognition for students, families, individuals, volunteer teams, and community-based organizations throughout the year.

Corporate Volunteer Program - OneOC partners with corporations to help them achieve their philanthropic and community relations goals through volunteer service planning and project management through Days of Service, Match.Meet.Serve, and Corporate Volunteer Council.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2: Program Services (Continued)

Volunteer Services

Community Service Program - OneOC places clients, referred by the judicial system, to appropriate community services opportunities as an alternative to fines or jail sentences.

Disaster Services Program - OneOC coordinates spontaneous volunteers in response to a disaster.

Senior Volunteering - OneOC's retired senior volunteer program (RSVP) places, supports, and recognizes individuals ages 55 and older in community partner sites aligned with their particular skills and talents.

AmeriCorps Programs - OneOC hosts four AmeriCorps Programs, the Volunteer Infrastructure Program ("VIP"), Volunteer Infrastructure Program Service Enterprise ("VIPSE"), Disaster Resiliency for Vulnerable Populations ("DRVP"), and Planning Grant ("NextGen Service Leadership").

- VIP - Members create sustainable volunteer programs and infrastructure at the organization in which they serve.
- VIPSE - Members create sustainable volunteer programs and infrastructure to support the agency's efforts in achieving and maintaining Service Enterprise Certification.
- DRVP - Members create sustainable volunteer programs and infrastructure to assist in disaster preparedness and response.
- NextGen Service Leadership - Program coordinator designs and develops new AmeriCorps programs that can address community problems and demonstrate impact through an evidence-informed or evidence-based approach.

Organizational Development Services

Training Services

Training - OneOC offers a robust calendar of educational experiences with focus on board development, grant writing, volunteer management, and nonprofit leadership and organizational development.

Membership - OneOC assists nonprofit member organizations through volunteer and board recruitment, training discounts, and increased visibility.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2: Program Services (Continued)

Organizational Development Services

Consulting and Coaching Services

Consultation - OneOC advises nonprofit leaders and organizations on strategic planning, business plans, board development, organizational development, fundraising, growth management, marketing, mergers, and social enterprises.

Back Office Business Services

Fiscal Sponsorship - OneOC provides accounting, human resource, payroll, and related services for various charitable projects funded by community entities that do not have current 501(c)3 not-for-profit status under the Internal Revenue Code, but whose mission and activities are substantially related to the charitable, educational, or other purposes that form the basis for OneOC's tax exemption. OneOC is the employer of record for any employees assigned to the projects. OneOC acts as the principal for substantially all of the transactions, including receipt of cash for the fiscally sponsored projects or their activities, as well as recording related income and expenses, all of which are included in OneOC's financial statements and tax returns.

Amounts raised by certain fiscally sponsored projects are disbursed to different nonprofit organizations to support the mission of the various projects. These amounts are included as grant expenses within the back office business services in the accompanying statement of activities, and payments to be distributed in subsequent fiscal years are recorded as grant payables. OneOC's fees for providing these services and related expenses are eliminated in OneOC's accompanying financial statements.

Revenues and expenses related to fiscally sponsored projects amounted to approximately \$5,458,000 and \$5,231,000, respectively, and are reflected in the accompanying financial statements for the year ended December 31, 2017.

Nonprofit Accounting/Bookkeeping Services - OneOC provides accounting/bookkeeping services to nonprofit organizations so they can focus on fulfilling their mission.

Expenses related to OneOC's other business services, which include nonprofit accounting, amounted to approximately \$473,000 for the year ended December 31, 2017.

Company Charitable Funds

OneOC provides giving services to companies that want to start a company foundation through OneOC's Company Charitable Funds Program or use charitable giving cards to involve their employees in charitable giving.

Revenues and expenses related to company foundations amounted to approximately \$2,855,000 and \$1,487,000, respectively, and are reflected in the accompanying financial statements for the year ended December 31, 2017.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 3: Property and Equipment

Property and equipment consist of the following at December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Computers and software	\$ 378,257	\$ 51,332	\$ 429,589
Furniture and equipment	<u>29,405</u>	<u>7,042</u>	<u>36,447</u>
Subtotal	407,662	58,374	466,036
Less accumulated depreciation	<u>(319,028)</u>	<u>(29,304)</u>	<u>(348,332)</u>
Total Property and Equipment, Net	<u>\$ 88,634</u>	<u>\$ 29,070</u>	<u>\$ 117,704</u>

Note 4: Commitments

Line of Credit

OneOC has a secured \$250,000 line of credit with interest at 5.5 percent and a maturity date of December 31, 2018, which may be renewed. There was no balance owed under the line of credit at December 31, 2017. There was no interest expense for the year ended December 31, 2017.

Capital Lease

OneOC entered into a lease for a new phone system in December 2014, which is classified as a capital lease. The asset and liability under the capital lease are recorded at the present value of the future minimum lease payments. The lease requires 60 monthly payments of approximately \$325. The interest rate related to the lease obligation is 8.1 percent, and the maturity date is December 2019. The current portion and long-term portions of this lease at December 31, 2017, are \$3,447 and \$3,738, respectively.

The asset is depreciated over the applicable term of the lease. Depreciation of the asset under the capital lease is included in depreciation expense. The following is a summary of property held under capital lease at December 31, 2017:

Phone system	\$ 16,000
Less accumulated depreciation	<u>(9,333)</u>
Net Book Value	<u>\$ 6,667</u>

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 4: Commitments (Continued)

Capital Lease (Continued)

The future minimum lease payments for years ending December 31 are as follows:

2018	\$ 3,904
2019	<u>3,904</u>
Total minimum lease payments	7,808
Less amount representing interest	<u>(623)</u>
Present Value of Minimum Lease Payments	<u>\$ 7,185</u>

Operating Leases

In February 2016, OneOC signed a full-service lease agreement for its Santa Ana office suites through January 2019. The lease provides for monthly payments of \$13,160. OneOC signed a new lease in June 2017 for Science@OC with a monthly payment of \$1,369 through May 2018. OneOC signed a new lease in June 2017 for Orange County Food Access Coalition through May 2020 with a monthly payment of \$685. The amount increases in June each year. All of the fiscally sponsored leases terminated or are now on a month-to-month basis. For the year ended December 31, 2017, the total rent expense under these leases, including any common area maintenance charges, was approximately \$202,000.

OneOC occupies rent-free office space in court and probation buildings in Community Service Program's Fullerton, Newport Beach, Westminster, and Santa Ana satellite locations. OneOC has recorded the rental value of these offices as in-kind contributions in the amount of approximately \$7,000.

OneOC occupies rent-free storage space for one of its fiscally sponsored projects. OneOC has recorded the rental value for this storage space as in-kind contributions in the amount of \$4,800. OneOC entered into a noncancelable copier lease that began in September 2015 and expires in September 2020. It has a monthly payment of \$1,113. OneOC also signed a new security system lease with monthly payments of \$262. This lease expires on March 31, 2020. OneOC also signed a lease for the Pitney Bowes Mailing System, which began in May 2016 and expires in August 2020. The monthly payment for this lease is \$115.

In addition, OneOC leases additional equipment on a month-to-month basis. For the year ended December 31, 2017, the leased equipment expense was approximately \$19,000.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 4: Commitments (Continued)

Operating Leases (Continued)

The total future minimum payments, without consideration of common area maintenance and exclusive of any future consumer price index adjustments, are as follows for years ending December 31:

	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2018	\$ 173,084	\$ 17,888	\$ 190,972
2019	21,654	17,888	39,542
2020	<u>3,570</u>	<u>11,725</u>	<u>15,295</u>
Total Minimum Lease Payments	<u>\$ 198,308</u>	<u>\$ 47,501</u>	<u>\$ 245,809</u>

Note 5: Net Assets

Unrestricted net assets include board designations of \$600,000 for emergency purposes. Temporarily restricted net assets consist of contributions restricted for a specific purpose. Most of the donor-imposed restrictions for the contributions are expected to be satisfied in 2018. However, approximately \$473,000 will be satisfied through 2019.

Temporarily restricted net assets consist of the following at December 31, 2017:

Fiscal Sponsorship Services	\$ 3,051,969
Special Events	181,500
Training Services	15,000
Volunteer Services	<u>8,589</u>
Total Temporarily Restricted Net Assets	<u>\$ 3,257,058</u>

During the year ended December 31, 2017, assets released with donor-imposed purpose restrictions were approximately \$5,611,000 and assets released with donor-imposed time restrictions were approximately \$58,000.

Note 6: Retirement Plan

In June 1994, OneOC adopted an Internal Revenue Code Section 403(b) tax deferred annuity plan for substantially all of the employees. Participants may make voluntary contributions to the plan. OneOC contributed approximately \$56,000 to the plan in 2017.

ONEOC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 7: Donated Materials, Facilities, and Services

The value of donated materials, facilities, and services included as contributions in the financial statements and the corresponding program expenses for the year ended December 31, 2017, is approximately \$792,000.

Note 8: Financial Statement Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with OneOC's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Note 9: Subsequent Events

Events occurring after December 31, 2017, have been evaluated for possible adjustment to the financial statements or disclosure as of May 24, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SCHEDULE I

ONEOC
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED TOTALS FOR 2016)

	Program Services				Supporting Services			Totals	Totals	
	Volunteer Services	Organizational Development Services	Back Office Business Services	Company Charitable Funds	Total Program Services	Management and General	Fundraising			Supporting Services
Salaries and wages	\$ 1,129,346	\$ 290,421	\$ 1,339,414	\$ -	\$ 2,759,181	\$ 313,813	\$ 237,592	\$ 551,405	\$ 3,310,586	\$ 3,209,618
Payroll taxes	84,181	20,450	97,945	-	202,576	22,497	16,765	39,262	241,838	231,870
Fringe benefits	142,820	34,092	140,977	-	317,889	36,382	14,156	50,538	368,427	327,566
Total personnel	1,356,347	344,963	1,578,336	-	3,279,646	372,692	268,513	641,205	3,920,851	3,769,054
Advertising	11,119	3,058	19,829	-	34,006	-	18,259	18,259	52,265	113,572
Bank charges	21,968	7,384	21,403	-	50,755	4,843	5,992	10,835	61,590	62,974
Grant expenses	-	-	2,091,141	1,483,369	3,574,510	-	-	-	3,574,510	5,419,618
Direct client care	-	-	26,768	-	26,768	-	-	-	26,768	71,998
In-kind expenses	27,443	-	585,899	-	613,342	-	179,024	179,024	792,366	334,634
Insurance	11,653	3,728	3,394	-	18,775	2,586	3,090	5,676	24,451	26,169
Leased equipment	6,748	2,448	4,760	-	13,956	2,857	2,500	5,357	19,313	18,117
Miscellaneous	17,844	18,895	35,865	-	72,604	8,885	7,439	16,324	88,928	48,316
Outside services	150,693	150,347	500,830	-	801,870	9,597	32,095	41,692	843,562	1,273,455
Postage and printing	17,963	1,465	32,363	-	51,791	1,050	9,172	10,222	62,013	62,603
Rent	72,867	27,176	296,419	-	396,462	20,206	22,536	42,742	439,204	423,250
Repairs and maintenance	8,286	3,958	6,809	-	19,053	3,218	2,792	6,010	25,063	33,294
Staff training and recruiting	19,547	627	19,912	-	40,086	3,434	3,651	7,085	47,171	37,776
Supplies	148,427	12,479	332,174	-	493,080	8,565	8,452	17,017	510,097	585,887
Telephone and utilities	34,705	4,631	37,476	-	76,812	6,801	3,924	10,725	87,537	83,483
Travel and meetings	26,620	3,039	93,056	-	122,715	10,081	5,707	15,788	138,503	163,817
Depreciation	1,932,230	584,198	5,686,434	1,483,369	9,686,231	454,815	573,146	1,027,961	10,714,192	12,528,017
Total expenses	32,570	14,393	21,920	-	68,883	13,631	11,927	25,558	94,441	84,945
	\$ 1,964,800	\$ 598,591	\$ 5,708,354	\$ 1,483,369	\$ 9,755,114	\$ 468,446	\$ 585,073	\$ 1,053,519	\$ 10,808,633	\$ 12,612,962

See independent auditors' report.