

**DESERT HEALTHCARE FOUNDATION**

**PALM SPRINGS, CALIFORNIA**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**DESERT HEALTHCARE FOUNDATION**

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# MOSS, LEVY & HARTZHEIM LLP

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CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management

Desert Healthcare Foundation  
1140 North Indian Canyon Drive  
Palm Springs, CA 92262

### **Opinion**

We have audited the accompanying financial statements of Desert Healthcare Foundation (the Foundation) (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing*

*Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

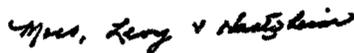
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023, on our consideration of the Foundation'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 the Foundation's internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

The previous auditors have audited Foundation's financial statements as of and for the fiscal year ended June 30, 2022, and expressed an unmodified audit opinion on those audited financial statements in their report dated November 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Moss, Levy & Hartzheim, LLP  
Culver City, CA  
September 8, 2023

**DESERT HEALTHCARE FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022**

	Totals	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 479,488	\$ 516,636
Grants receivable	183,530	2,217,209
Prepaid expenses	6,747	3,000
Accrued interest and dividend receivable	14,345	-
	<hr/>	<hr/>
Total current assets	684,110	2,736,845
	<hr/>	<hr/>
<b>OTHER ASSETS</b>		
Contributions receivable - charitable remainder trusts	196,140	188,389
Investments	4,429,454	4,181,156
Total other assets	4,625,594	4,369,545
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 5,309,704</b>	<b>\$ 7,106,390</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued payroll	\$ 21,965	\$ 12,973
Grants payable - current	1,741,281	795,028
Total current liabilities	1,763,246	808,001
	<hr/>	<hr/>
Long-term liabilities:		
Grants payable - long-term	-	200,000
Total long-term liabilities	-	200,000
	<hr/>	<hr/>
Total liabilities	1,763,246	1,008,001
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Without donor restrictions	452,164	399,057
Without donor restrictions- Board designated	1,544,156	1,544,156
With donor restrictions	1,550,138	4,155,176
	<hr/>	<hr/>
Total net assets	3,546,458	6,098,389
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,309,704</b>	<b>\$ 7,106,390</b>
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The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE FOUNDATION**

**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
<b>REVENUES AND GAINS</b>				
Contributions	\$ 219,714	\$ -	\$ 219,714	\$ 40,275
Grants	935,828	-	935,828	2,168,605
Bequests	57,520	-	57,520	57,080
Interest and dividends	114,841	-	114,841	138,889
Investment gains (losses)	190,543	-	190,543	(498,074)
Change in value - charitable trusts	-	7,751	7,751	(12,420)
Assets released from restrictions	2,612,788	(2,612,788)	-	-
Total revenues and gains	4,131,234	(2,605,037)	1,526,197	1,894,355
<b>EXPENSES</b>				
Program services	3,379,746	-	3,379,746	1,317,894
Management and general	698,382	-	698,382	565,599
Total expenses	4,078,128	-	4,078,128	1,883,493
<b>INCREASE (DECREASE) IN NET ASSETS</b>	53,106	(2,605,037)	(2,551,931)	10,862
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>	1,943,213	4,155,176	6,098,389	6,142,988
<b>PRIOR YEAR RESTATEMENT</b>	-	-	-	(55,461)
<b>NET ASSETS, BEGINNING OF FISCAL YEAR, RESTATED</b>	1,943,213	4,155,176	6,098,389	6,087,527
<b>NET ASSETS, END OF FISCAL YEAR</b>	\$ 1,996,319	\$ 1,550,139	\$ 3,546,458	\$ 6,098,389

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Totals	
			2023	2022
Grants and social services	\$ 3,379,746	\$ -	\$ 3,379,746	\$ 1,317,894
Management and general expenses	-	698,382	698,382	565,599
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 3,379,746</b>	<b>\$ 698,382</b>	<b>\$ 4,078,128</b>	<b>\$ 1,883,493</b>

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (2,551,931)	\$ 10,862
Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities:		
(Gains) losses on investments	(190,543)	498,074
Increase (decrease) in operating assets:		
Grants receivable	2,033,679	(1,094,709)
Prepaid expenses	(3,747)	(500)
Contributions receivable	(7,751)	12,420
Accrued interest and dividends	(14,345)	17,221
Increase (decrease) in operating liabilities:		
Accounts payable	8,992	(131,981)
Grants payable	746,253	(1,026,562)
Net cash provided (used) by operating activities	20,607	(1,715,175)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment purchases	(1,001,327)	(1,455,823)
Proceeds from the sale of investments	943,572	2,339,011
Net cash provided (used) by investing activities	(57,755)	883,188
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(37,148)	(831,987)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>	516,636	1,348,623
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>	\$ 479,488	\$ 516,636

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Desert Healthcare Foundation (Foundation), a not-for-profit organization, is a health and welfare organization created to identify the health care needs of the Desert Healthcare District (District) and to work toward treating those needs through various programs and services. The Foundation is a component unit of the District due to the nature and significance of their relationship with the District. The Foundation operates primarily in the Coachella Valley area of Southern California and, as such, is subject to market conditions, which could affect charitable giving and the realization of recorded asset values at various times.

**Basis of Accounting**

The Foundation uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

**Financial Statement Presentation**

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Foundation adopted the provisions of Accounting Standards Update (“ASU”) 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements for Not-for-Profit Entities. In addition, the Foundation is required to present a statement of cash flows and a statement of functional expenses. Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

**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 Foundation. The Foundation’s board may designate assets without restrictions for specific operational purposes from time to time.

**Net Assets Without Donor Restrictions – Board Designated:** These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Foundation. The Board of Directors designated funds were \$1,544,156 and \$1,544,156 as of June 30, 2023 and 2022, respectively.

**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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation has net assets with donor restrictions of \$1,550,139 and \$4,155,176 at June 30, 2023 and 2022, respectively.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Facilities and Services**

The District has provided to the Foundation the use of its office facilities at no charge. The value of the on-site facilities is not reflected in these statements, as they do not meet the criteria for recognition. For the fiscal year ended June 30, 2023 the District allocated to the Foundation \$825,502 related to personnel charges. See Note 8 for more details.

**Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net position released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Investments**

Investments are stated at fair value. Realized and unrealized gains and losses on investments are recognized as changes in net assets in the periods in which they occur.

**Income Taxes**

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. The Foundation may be subject to tax on income from any unrelated business operations. The Foundation does not currently have any unrelated business operations. The Federal and State income tax returns are subject to examination over three and four years, respectively.

# **DESERT HEALTHCARE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Prior Year Summarized Comparative 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 conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the prior year, from which the summarized information was derived.

#### **Leases**

The Foundation has adopted FASB ASC Topic 842, *Leases*, with a date of initial application of July 1, 2022. For leases with a lease term greater than one year, the Foundation recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Foundation determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-to-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in the Foundation's balance sheet at June 30, 2023. Operating lease right-to-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Foundation uses a risk-free rate of a period comparable with that of the lease term. The Foundation considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Foundation is reasonably certain to exercise the option, (2) terminate the lease if the Foundation is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. The Foundation had no leases as described in FASB ASC 842 as of June 30, 2023.

#### **New Accounting Pronouncement**

Effective July 1, 2022, the Foundation adopted the provisions of FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets (also referred to as gifts-in-kind) and address presentation and disclosure of those contributed nonfinancial assets. The term "nonfinancial assets" include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials, supplies, intangible assets, cryptocurrency, services, and unconditional promises of those assets. Under ASU 2020-07, organizations must present gifts-in-kind as a separate line item in the statement of activities, apart from gifts of cash and other financial assets. In addition to this presentation requirement, the gifts-in-kind must be further broken down into categories (fixed assets, supplies, contributed services, etc.) in the notes to the financial statements. For each category of contributed nonfinancial asset recognized in the financial statements, further footnote disclosures are required under the ASU, including whether the gifts-in-kind were sold or used, among other disclosures. The provisions of ASU 2020-07 must be applied on a retrospective basis (meaning that all periods presented in comparative financial statements must reflect the requirements of the new standard). Adoption of this standard had no effect on the Foundation for the fiscal year ended June 30, 2023.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022**

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and investments	\$ 479,488	\$ 516,636
Investments	4,429,454	4,181,156
Grants receivable	183,530	2,217,209
Accrued interest and dividend receivable	14,345	-
Contributions receivable - CRT	<u>196,140</u>	<u>188,389</u>
Total financial assets	5,302,957	7,103,390
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (Note 7)	(1,550,138)	(4,155,176)
Board-designated funds (Note 1)	(1,544,156)	(1,544,156)
Interest in charitable remainder trust (Note 5)	<u>(196,140)</u>	<u>(188,389)</u>
Amount available for general expenditures within one year	<u>\$ 2,012,523</u>	<u>\$ 1,215,669</u>

The above table reflects donor-restricted and board-designated funds as unavailable because it is the Foundation's intention to invest resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from the purpose-restricted funds available for general use. As part of the Foundation's liquidity management plan, they invest cash in excess of daily requirements in short-term investments (Note 3).

**3. CASH AND INVESTMENTS**

**Demand Deposits**

The carrying amounts, at June 30, 2023, of the Foundation's cash on hand was \$207, cash deposits was \$360,890, and money market funds were \$118,391. Bank balances were \$476,360 at June 30, 2023. Occasionally, the Foundation's cash balance in banks exceeds the Federal Deposit Insurance Corporation's insurance limits.

**Investments**

At June 30, 2023, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporate bonds	\$ 1,259,479	\$ 1,152,794	\$ (106,685)
U.S. Treasury notes	765,870	654,290	(111,580)
Marketable securities	<u>2,031,124</u>	<u>2,622,370</u>	<u>591,246</u>
Total Investments	<u>\$ 4,056,473</u>	<u>\$ 4,429,454</u>	<u>\$ 372,981</u>

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022**

**3. CASH AND INVESTMENTS (CONTINUED)**

Investments (Continued)

At June 30, 2022, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporate bonds	\$ 1,353,521	\$ 1,264,440	\$ (89,081)
U.S. Treasury notes	639,060	563,611	(75,449)
Marketable securities	<u>1,879,958</u>	<u>2,353,105</u>	<u>473,147</u>
Total Investments	<u>\$ 3,872,539</u>	<u>\$ 4,181,156</u>	<u>\$ 308,617</u>

**4. FAIR VALUE MEASUREMENTS**

The Foundation applies Generally Accepted Accounting Principles (US GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis.

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

At June 30, 2023, all investments are measured at fair value on a recurring basis and were valued at Level 1 inputs (quoted prices in active markets for identical assets). Fair value for investments at June 30, 2023 was \$4,429,454. (See Note 3)

**5. CHARITABLE REMAINDER TRUSTS**

The Foundation was named beneficiary to two additional charitable remainder unitrusts (whose trustees are someone other than the Foundation), all of which are recorded at fair value. The balances at June 30, 2023 and 2022 amounted to \$196,140 and \$188,389, respectively, and the general terms of the two trusts are as follows:

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022**

**5. CHARITABLE REMAINDER TRUSTS (CONTINUED)**

Trust 4 (dated October 3, 1989): The lesser of the trust income or 8% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, 50% of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for cancer treatment, or for general purposes if a cure for cancer has been found. At December 31, 2023, which is the most current information available, the estimated present value of future cash flows was \$126,022.

Trust 7 (dated May 17, 1990): 8.5% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, all of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for general purposes. The estimated present value of future cash flows at June 30, 2023 was \$70,118.

**6. GRANTS PAYABLE**

Grants payable consisted of the following for the fiscal year ended June 30:

	<u>2023</u>	<u>2022</u>
<u>Grants</u>		
Improving Healthcare Access in Black Communities	\$ 423,971	\$ 610,000
Avery Trust - Pulmonary	47,000	189,337
West Valley Homelessness Initiative	-	22,500
Behavioral Health Initiative Collective Fund	<u>1,137,201</u>	<u>-</u>
	<u>1,608,172</u>	<u>821,837</u>
 <u>COVID-19 Related Grants</u>		
Lideres Campesinas	-	35,000
El Sol Neighborhood Education Center	23,493	40,305
Todec Legal Center	11,752	48,688
Alianza Coachella Valley	11,275	6,901
Vision Y Compromiso	54,630	-
Youth Leadership Institute	6,808	5,153
Galilee Center	<u>23,008</u>	<u>37,144</u>
	<u>130,966</u>	<u>173,191</u>
 <u>Other Pass-Through Grants</u>		
ABC Recovery	<u>2,143</u>	<u>-</u>
	<u>2,143</u>	<u>-</u>
 Total Grants Payable	<u>\$ 1,741,281</u>	<u>\$ 995,028</u>
 Grants payable- current	1,741,281	795,028
Grants payable- long-term	-	200,000
	<u>\$ 1,741,281</u>	<u>\$ 995,028</u>

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022**

**7. NET ASSETS – WITH DONOR RESTRICTIONS**

Donor restricted net assets consist for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Behavioral Health Initiative Collective Fund	\$ 795,702	\$ 3,297,169
Avery Trust- Pulmonary Services	485,243	530,944
West Valley Homelessness Initiative	71,557	71,557
Health Portal	1,496	67,117
Charitable Remainder Trust	<u>126,022</u>	<u>126,022</u>
	<u>1,480,020</u>	<u>4,092,809</u>
Subject to the passage of time:		
Charitable Remainder Trust	<u>70,118</u>	<u>62,367</u>
	<u>70,118</u>	<u>62,367</u>
Net Assets - with donor restrictions	<u>\$ 1,550,138</u>	<u>\$ 4,155,176</u>

**8. RELATED PARTY TRANSACTIONS**

The Foundation and the Desert Healthcare District are related parties. The Foundation is organized to provide health and welfare assistance to Coachella Valley residents in need. During the fiscal year ended June 30, 2023, the District provided the Foundation with personnel services in the amount of \$650,785, of which \$461,070 is included in management and general expenses and \$189,715 is included in grants and social services expenses.

In 2020, the Desert Healthcare Foundation created the Coachella Valley Equity Collaborative (CVEC), a group of community-based organizations (CBOs). The Foundation is the recipient of external grant funds directly related to COVID-19 testing, vaccinations, and community education. The Foundation awards grants to the CBOs, directly and indirectly through other grantees. The Foundation CEO's wife, is the associate director of one of the CBO's, Vision y Compromiso. At June 30, 2023 and 2022, total grants awarded to Vision y Compromiso were \$572,000 and \$0, respectively. Total grant funds expended to Vision y Compromiso for the year ended June 30, 2023 and 2022 amounted to \$54,630 and \$130,000, respectively.

**9. SUBSEQUENT EVENTS**

The Foundation evaluated all potential subsequent events as of September 8, 2023 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2023 or as of September 8, 2023 that require disclosure to the financial statements.