



DESERT HEALTHCARE FOUNDATION
Finance, Legal, Administration, & Real Estate Committee Meeting
October 13, 2020

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:30 PM, Tuesday, October 13, 2020, via Zoom using the following link:

<https://us02web.zoom.us/j/84837371547?pwd=MXJTeENUdmRlOGdpbXpjVW1hTWZtZz09>
Password: 406555

Participants will need to download the WebEx app on their mobile devices.
Members of the public may also be able to participate by telephone, using the follow dial in information:

Dial in #:(669) 900-6833 To Listen and Address the Board when called upon:
Webinar ID: 848 3737 1547
Password: 406555

AGENDA

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. PUBLIC COMMENT

At this time, comments from the audience may be made on items not listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. The Committee has a policy of limiting speakers to not more than three minutes. The Committee cannot take action on items not listed on the agenda. Public input may be offered on an agenda item when it comes up for discussion and/or action.

IV. APPROVAL OF MINUTES

ACTION

1. Minutes – Meeting September 8, 2020 - Pg. 2

V. CEO REPORT

VI. FINANCIAL REPORT

ACTION

1. Financial Statements – Pg. 3-7
2. Deposits – Pg. 8
3. Check Register – Pg. 9
4. Credit Card Expenditures – Pg. 10
5. General Grants Schedule – Pg. 11

VII. OTHER MATTERS

1. Gary Dack – Lund & Guttry LLP – FY 2020 Audit Report – Pg. 12-25
(Reports will be presented during the District meeting)

ACTION

VIII. ADJOURNMENT

If you have any disability which would require accommodation to enable you to participate in this meeting, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer, at ahayles@dhcd.org or call (760) 323-6110 at least 24 hours prior to the meeting.



DESERT HEALTHCARE FOUNDATION
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
MEETING MINUTES
September 08, 2020

| Directors Present via Video Conference | District Staff Present via Video Conference | Absent |
|---|---|---------------|
| Chair/Treasurer Mark Matthews President Leticia De Lara Director Arthur Shorr | Conrado E. Bárzaga, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Eric Taylor, Accounting Manager Andrea S. Hayles, Clerk to the Board | |

| AGENDA ITEMS | DISCUSSION | ACTION |
|--|--|---|
| I. Call to Order | Chair Matthews called the meeting to order at 4:30 p.m. | |
| II. Approval of Agenda | Chair Matthews asked for a motion to approve the Agenda. | Moved Director Shorr and President De Lara to approve the agenda. Motion passed unanimously. |
| III. Public Comment | There was no public comment. | |
| IV. Approval of Minutes 1. Minutes – Meeting July 14, 2020 | Chair Matthews asked for a motion to approve the minutes of the July 14, 2020 F&A Committee meeting. | Moved and seconded Director Shorr and President De Lara to approve the July 14, 2020 meeting minutes. Motion passed unanimously. |
| V. CEO Report | There was no CEO report. | |
| VI. Financial Reports 1. Financial Statements 2. Deposits 3. Check Register 4. Credit Card Expenditures 5. General Grants Schedule | Chair Matthews reviewed the July and August financial reports with the Committee. | Moved and seconded Director Shorr and President De Lara to approve the July and August 2020 Foundation Financial Reports – items 1-5 and forward to the Board for approval. Motion passed unanimously. |
| VII. Other Matters | | |
| VIII. Adjournment | Chair Matthews adjourned the meeting at 4:32 p.m. | Audio recording available on the website at http://dhcd.org/Agendas-and-Documents |

ATTEST: _____
 Mark Matthews, Chair/ Treasurer Finance & Administration Committee
 Desert Healthcare Foundation Board of Directors
Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board

| DESERT HEALTHCARE FOUNDATION | | | | | |
|-------------------------------------|--|--|--|--|--|
| SEPTEMBER 2020 FINANCIAL STATEMENTS | | | | | |
| INDEX | | | | | |
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| Statement of Operations | | | | | |
| Balance sheet | | | | | |
| Allocation of Restricted Funds | | | | | |
| Deposit Detail | | | | | |
| Check Register | | | | | |
| Credit Card Expenditures | | | | | |
| Schedule of Grants | | | | | |
| | | | | | |

Desert Healthcare Foundation
Profit & Loss Budget vs. Actual
July through September 2020

| | | MONTH | | | | TOTAL | | |
|--|--|----------|----------|----------------|---------|--------------|----------|----------------|
| | | Sep 20 | Budget | \$ Over Budget | | Jul - Sep 20 | Budget | \$ Over Budget |
| | Income | | | | | | | |
| | 4000 • Gifts and Contributions | 10 | 2,500 | (2,490) | 50,030 | 7,500 | 42,530 | |
| | 4003 • Grants | 0 | 100,000 | (100,000) | 500,000 | 300,000 | 200,000 | |
| | 4116 • Bequests - Frederick Lowe | 0 | 5,417 | (5,417) | 14,561 | 16,251 | (1,690) | |
| | 4130 • Misc. Income | 0 | 83 | (83) | 0 | 249 | (249) | |
| | 8015 • Investment Interest Income | 16,520 | 8,333 | 8,187 | 49,671 | 24,999 | 24,672 | |
| | 8030 • Change in Value of CRT's | 0 | 500 | (500) | 0 | 1,500 | (1,500) | |
| | 8040 • Restr. Unrealized Gain/(Loss) | (52,889) | 4,167 | (57,056) | 77,665 | 12,501 | 65,164 | |
| | Total Income | (36,359) | 121,000 | (157,359) | 691,927 | 363,000 | 328,927 | |
| | Expense | | | | | | | |
| | 5001 • Accounting Services Expense | 958 | 667 | 291 | 2,874 | 2,001 | 873 | |
| | 5035 • Dues & Memberships Expense | 25 | 42 | (17) | 25 | 126 | (101) | |
| | 5057 • Investment Fees Expense | 3,636 | 2,500 | 1,136 | 11,541 | 7,500 | 4,041 | |
| | 5065 • Legal Costs Ongoing Expense | 0 | 83 | (83) | 0 | 249 | (249) | |
| | 5101 • DHCD-Exp Alloc Wages& benefits | 24,392 | 21,844 | 2,548 | 73,176 | 65,532 | 7,644 | |
| | 5106 • Marketing & Communications | 100 | 3,958 | (3,858) | 110 | 11,874 | (11,764) | |
| | 5110 • Other Expenses | 337 | 417 | (80) | 1,030 | 1,251 | (221) | |
| | 5115 • Postage & Shipping Expense | 0 | 8 | (8) | 0 | 24 | (24) | |
| | 5120 • Professional Fees Expense | 0 | 83 | (83) | 0 | 249 | (249) | |
| | 8051 • Major grant expense | 0 | 83,333 | (83,333) | 550,000 | 249,999 | 300,001 | |
| | 8052 • Grant Expense - Collective/Mini | 0 | 27,500 | (27,500) | 0 | 82,500 | (82,500) | |
| | Total Expense Before Social Services | 29,448 | 140,435 | (110,987) | 638,756 | 421,305 | 217,451 | |
| | 5054 • Social Services Fund | 0 | 5,000 | (5,000) | 12,000 | 15,000 | (3,000) | |
| | Net Income | (65,807) | (24,435) | (41,372) | 41,170 | (73,305) | 114,475 | |

Desert Healthcare Foundation
Balance Sheet
As of September 30, 2020

| | | | | | | |
|--|--|--|--|--|--|------------|
| | | | | | | Sep 30, 20 |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Checking/Savings | | | | | | |
| 100 · CASH | | | | | | |
| 150 · Petty Cash | | | | | | 200 |
| 151 · Checking - Union Bank 7611 | | | | | | 1,238,390 |
| Total Checking/Savings | | | | | | 1,238,590 |
| 321 · Accounts Receivable - Other | | | | | | 50,000 |
| Other Current Assets | | | | | | |
| 476-486 · INVESTMENTS | | | | | | |
| 477 · Morgan Stanley-Investments | | | | | | |
| 477.2 · Unrealized Gain/(Loss) | | | | | | 217,705 |
| 477 · Morgan Stanley-Investments - Other | | | | | | 3,046,977 |
| Total 477 · Morgan Stanley-Investments | | | | | | 3,264,682 |
| 486 · Merrill Lynch | | | | | | |
| 486.1 · Merrill Lynch Unrealized Gain | | | | | | 312,971 |
| 486 · Merrill Lynch - Other | | | | | | 1,724,686 |
| Total 486 · Merrill Lynch | | | | | | 2,037,657 |
| Total 476-486 · INVESTMENTS | | | | | | 5,302,339 |
| 500 · CONTRIBUTIONS -RCVB -CRTS | | | | | | |
| 515 · Contrib RCVB-Pressler CRT | | | | | | 61,277 |
| 530 · Contrib RCVB-Guerts CRT | | | | | | 126,022 |
| Total 500 · CONTRIBUTIONS -RCVB -CRTS | | | | | | 187,299 |
| 601 · Prepaid Payables | | | | | | 5,875 |
| Total Other Current Assets | | | | | | 5,495,513 |
| TOTAL ASSETS | | | | | | 6,784,103 |

Desert Healthcare Foundation
Balance Sheet
As of September 30, 2020

| | | | | | | |
|---------------------------------------|----------------------------------|--|--|--|--|-------------------|
| | | | | | | Sep 30, 20 |
| LIABILITIES & EQUITY | | | | | | |
| | Liabilities | | | | | |
| | Current Liabilities | | | | | |
| | Accounts Payable | | | | | |
| | | | 1000 · Accounts Payable | | | 102,024 |
| | | | 1052 · Account payable-DHCD Exp Alloc | | | (944) |
| | | | Total Accounts Payable | | | 101,080 |
| | Other Current Liabilities | | | | | |
| | | | 2185 · Deferred Revenue | | | 50,000 |
| | | | 2190 · Current - Grants payable | | | 3,011,343 |
| | | | Total Other Current Liabilities | | | 3,061,343 |
| | Total Current Liabilities | | | | | 3,162,423 |
| | Long Term Liabilities | | | | | |
| | | | 2186 · Grants payable | | | 1,600,000 |
| | Total Liabilities | | | | | 4,762,423 |
| | Equity | | | | | |
| | | | 3900 · Retained Earnings | | | 1,980,510 |
| | | | Net Income | | | 41,170 |
| | Total Equity | | | | | 2,021,680 |
| TOTAL LIABILITIES & EQUITY | | | | | | 6,784,103 |

| DESERT HEALTHCARE FOUNDATION | | | | | | |
|--|--|-------|-----------|-----------------|---------------------|---------|
| BALANCE SHEET 9/30/20 | | | | | | |
| ALLOCATION OF MAJOR CATEGORIES/LIABILITIES | | | | | | |
| | | | T/B | GENERAL Fund | Restricted Funds | Trusts |
| ASSETS | | | | | | |
| | 150 · Petty Cash | | 200 | 200 | - | |
| | 151 · Checking - Union Bank 7611* | | 1,238,390 | 1,095,558 | 142,832 | - |
| Total 100 · CASH - UNRESTRICTED | | | 1,238,590 | 1,095,758 | 142,832 | - |
| Accounts Receivable | | | | | | |
| | 321 - Accounts Receivable - Other | | 50,000 | - | 50,000 | |
| Total Accounts Receivable | | | 50,000 | - | 50,000 | - |
| 477 · Invt-Morgan Stanley | | | | | | |
| | 477.2 · Unrealized Gain | | 217,705 | 217,705 | - | - |
| | 477 · Invt-Morgan Stanley | | 3,046,977 | - | 3,046,977 | - |
| Total 477 · Invt-Morgan Stanley | | | 3,264,682 | 217,705 | 3,046,977 | - |
| 6441 | 486.1 · Merrill Lynch Unrealized Gain | | 312,971 | 312,971 | - | - |
| | 486 · Merrill Lynch | | 1,724,686 | 303,152 | 1,421,534 | - |
| Total 486 · Merrill Lynch | | | 2,037,657 | 616,123 | 1,421,534 | - |
| | 515 · Contrib RCVB-Pressler CRT | | 61,277 | - | - | 61,277 |
| | 530 · Contrib RCVB-Guerts CRT | | 126,022 | - | - | 126,022 |
| | 601 - Prepaid payables | | 5,875 | 5,875 | - | - |
| Total Current Assets | | | 6,784,103 | 1,935,461 | 4,661,343 | 187,299 |
| TOTAL ASSETS | | | 6,784,103 | 1,935,461 | 4,661,343 | 187,299 |
| LIABILITIES & EQUITY | | | | | | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | | | | | | |
| | 1000 · Accounts Payable | | 102,024 | 102,024 | - | - |
| | 1052 - Account Payable - DHCD - Alloc Expenses | (944) | | (944) | - | - |
| | 2185 - Deferred Revenue | | 50,000 | | 50,000 | - |
| | 2190 - Grants Payable - Current Portion | | 3,011,343 | - | 3,011,343 | - |
| Total Current Liabilities | | | 3,162,423 | 101,080 | 3,061,343 | - |
| | 2186 - Grant Payable - Long Term | | 1,600,000 | - | 1,600,000 | - |
| Total Liabilities | | | 4,762,423 | 101,080 | 4,661,343 | - |
| Equity | | | | | | |
| | 3900 · Retained Earnings | | 1,980,510 | 1,793,211 | - | 187,299 |
| | Net Income | | 41,170 | 41,170 | - | - |
| Total Equity | | | 2,021,680 | 1,834,381 | - | 187,299 |
| TOTAL LIABILITIES & EQUITY | | | 6,784,103 | 1,935,461 | 4,661,343 | 187,299 |
| | | | | | | |
| | * Restricted funds include Summer Survival Homeless Fund (\$16,752), Donations (\$25,000) and Accounts Payable | | | | | |

Desert Healthcare Foundation
Deposit Detail
September 2020

| Type | Date | Name | Account | Amount |
|---------|------------|-------|----------------------------------|--------|
| | | | | |
| Deposit | 09/30/2020 | | 151 · Checking - Union Bank 7611 | 10 |
| | | | | |
| | | Misc. | 4000 · Gifts and Contributions | (10) |
| TOTAL | | | | (10) |
| | | | | |
| | | | Total | 10 |

Desert Healthcare Foundation
Check Register
As of September 30, 2020

| Type | Date | Num | Name | Amount |
|---|------------|-------------|---|------------------|
| 100 - CASH | | | | |
| 151 - Checking - Union Bank 7611 | | | | |
| Bill Pmt -Check | 09/01/2020 | IB 09012020 | Desert Healthcare District | (156,761) |
| Bill Pmt -Check | 09/08/2020 | 5082 | BPOE Lodge 1905 | (3,319) |
| Bill Pmt -Check | 09/08/2020 | 5083 | KESQ Newschannel 3 | (725) |
| Bill Pmt -Check | 09/08/2020 | 5084 | KUNA-FM | (735) |
| Bill Pmt -Check | 09/08/2020 | 5085 | KUNA-TV Telemundo 15 | (1,250) |
| Bill Pmt -Check | 09/08/2020 | 5086 | Leap Marketing | (48) |
| Bill Pmt -Check | 09/08/2020 | 5087 | Lund & Guttry LLP | (500) |
| Bill Pmt -Check | 09/08/2020 | 5088 | United Methodist Church of Palm Springs | (1,379) |
| Bill Pmt -Check | 09/14/2020 | 5089 | Public Health Institute. | (37,500) |
| Bill Pmt -Check | 09/14/2020 | 5090 | Union Bank | (76) |
| Bill Pmt -Check | 09/14/2020 | 5091 | United Methodist Church of Palm Springs | (1,106) |
| Bill Pmt -Check | 09/21/2020 | 5092 | Miguel Delgado | (400) |
| Bill Pmt -Check | 09/24/2020 | 5093 | Word of Life Fellowship Center | (2,390) |
| Check | 09/25/2020 | | Bank Service Charge | (337) |
| Bill Pmt -Check | 09/30/2020 | 5094 | City of Palm Springs | (25) |
| Bill Pmt -Check | 09/30/2020 | 5095 | Pueblo Unido CDC | (22,500) |
| Bill Pmt -Check | 09/30/2020 | 5096 | Word of Life Fellowship Center | (455) |
| TOTAL | | | | (229,506) |

| Desert Healthcare Foundation | | | | | | |
|---|---------------------------|----------|--|------------|----------|--|
| Details for credit card Expenditures | | | | | | |
| Credit card purchases - August 2020 - Paid September 2020 | | | | | | |
| | | | | | | |
| Number of credit cards held by Foundation personnel - 2 | | | | | | |
| Credit Card Limit - \$5,000 | | | | | | |
| Credit Card Holders: | | | | | | |
| Conrado Bárzaga - Chief Executive Officer | | | | | | |
| Chris Christensen - Chief Administration Officer | | | | | | |
| Routine types of charges: | | | | | | |
| Office Supplies, Dues for membership, Supplies for Projects, Programs, etc. | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Statement | | | | | |
| | Month | Total | | Expense | | |
| Year | Charged | Charges | | Type | Amount | Purpose |
| | | \$ 78.98 | | | | |
| Monthly Statement: | | | | | | |
| 2020 | July (received September) | \$ 78.98 | | Foundation | | |
| | | | | 5106 | \$10.99 | cvHIP.com hosting |
| | | | | 5106 | \$ 67.99 | cvHIP.com SSL security certificate renewal |
| | | | | | \$ 78.98 | |

| DESERT HEALTHCARE FOUNDATION | | | | | | | |
|--|--|--------------|---------------------|--------------------------|--------------------------|-----------------------------------|-----------------------|
| OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE | | | | | | | |
| September 30, 2020 | | | | | | | |
| TWELVE MONTHS ENDED JUNE 30, 2021 | | | | | | | |
| A/C 2190 and A/C 2186-Long term | | | 6/30/2020 Open | New Grants Current Yr | Total Paid | 9/30/2020 Open | |
| Grant ID Nos. | Name | | BALANCE | 2020-2021 | July-June | BALANCE | |
| Health Portal | Remaining Collective Funds-Mayor's Race & DHCF | | \$ 110,105 | | \$ 8,108 | \$ 101,997 | HP-cvHIP |
| BOD - 04/24/18 | Behavioral Health Initiative Collective Fund | | \$ 1,952,000 | | \$ - | \$ 1,952,000 | Behavioral Health |
| BOD - 06/26/18 BOD | Avery Trust Funds-Committed to Pulmonary services | | \$ 919,801 | | \$ 37,500 | \$ 882,301 | Avery Trust |
| BOD - 5/28/19 BOD (#993) | Galilee Center - Emergency Services | | \$ 7,500 | | \$ 7,500 | \$ - | |
| BOD - 6/25/19 BOD (#1006) | DHCD - Homelessness Initiative Collective Fund | | \$ 711,383 | | \$ 111,370 | \$ 600,014 | Homelessness |
| F&A - 06/11/19 | \$300k Grant Funding Commitment FY18-19 - \$225k Balance | | \$ 119,156 | | \$ 67,500 | \$ 51,656 | EV Funding |
| BOD - 9/26/17; 10/23/18; 09/24/19 (#1025) | RSS Funds-From Investment Funds & DHCD Grants | | \$ 174,279 | | \$ 903 | \$ 173,376 | RSS |
| F&A - 06/09/20 | \$300k Grant Funding Commitment FY19-20 | | \$ 300,000 | | \$ - | \$ 300,000 | |
| BOD - 07/28/20 (#1134) | DHCD/IEHP - Addressing the Healthcare Needs of Black Communities | | | \$ 550,000 | \$ - | \$ 550,000 | |
| TOTAL GRANTS | | | \$ 4,294,223 | \$ 550,000 | \$ 232,881 | \$ 4,611,343 | |
| Summary: As of 6/30/2021 | | | | | | | |
| Health Portal (CVHIP): | \$ 101,997 | | | | A/C 2190 | \$ 3,011,343 | |
| Ready Set Swim | \$ 173,376 | | | | A/C 2186 | \$ 1,600,000 | |
| West Valley Homelessness Initiative | \$ 600,014 | | | | Total | \$ 4,611,343 | |
| Behavioral Health Initiative Collective Fund | \$ 1,952,000 | | | | Diff | \$ (0) | |
| Avery Trust - Pulmonary Services | \$ 882,301 | | | | | | |
| Galilee Center - Emergency Services | \$ - | | | | | | |
| East Valley Grant Funding Commitment | \$ 351,656 | | | | | | |
| Healthcare Needs of Black Communities | \$ 550,000 | | | | | | |
| Total | \$ 4,611,343 | | | | | | |
| Amts available/remaining for Grant/Programs - FY 2020-21: | | | | | | | |
| Amount budgeted 2020-2021 | \$ 1,330,000 | \$ 1,000,000 | | | FY21 Grant Budget | Social Services Fund #5054 | |
| Amount granted year to date | \$ (550,000) | \$ 330,000 | | | Budget | \$ 60,000 | |
| Mini Grants: | | | | | DRMC Auxiliary | \$ (12,000) | \$ (12,000) Spent YTD |
| Net adj - Grants not used: | | | | | Balance Available | \$ 48,000 | |
| Contribution from IEHP | \$ 50,000 | | | | | | |
| Balance available for Grants/Programs | \$ 830,000 | | | | | | |

DESERT HEALTHCARE FOUNDATION
PALM SPRINGS, CALIFORNIA
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

DESERT HEALTHCARE FOUNDATION

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LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS

36917 COOK STREET • SUITE 102 • PALM DESERT, CALIFORNIA 92211

Telephone (760) 568-2242 • Fax (760) 346-8891

www.lundandguttry.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors
of the Desert Healthcare Foundation
Palm Springs, California

We have audited the accompanying financial statements of Desert Healthcare Foundation (Foundation), a not-for-profit organization and a component unit of the Desert Healthcare District, which comprise the statement of financial position, as of June 30, 2020, and the related statements of activities, functional expenses 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.

Auditor's 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. 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 auditor's 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 auditor considers 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

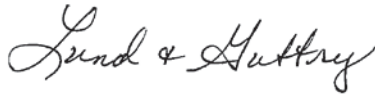
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Desert Healthcare Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020, 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 on 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 financial statements of Desert Healthcare Foundation for the year ended June 30, 2019 were audited by other auditors whose report dated October 1, 2019, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it was derived.



October 13, 2020

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

| | Totals | |
|---|---------------------|------------------------------|
| | 2020 | 2019 (Memorandum Only) |
| <u>ASSETS</u> | | |
| ASSETS | | |
| Cash and cash equivalents | \$ 1,145,289 | \$ 945,995 |
| Grants receivable | - | 1,000,000 |
| Prepaid expenses | 3,000 | 3,500 |
| Accrued interest and dividend receivable | 18,931 | 17,732 |
| Total current assets | 1,167,220 | 1,967,227 |
| OTHER ASSETS | | |
| Contributions receivable - charitable remainder trusts | 187,298 | 189,239 |
| Investments | 5,020,682 | 5,853,791 |
| | 5,207,980 | 6,043,030 |
| TOTAL ASSETS | \$ 6,375,200 | \$ 8,010,257 |
| <u>LIABILITIES AND NET POSITION</u> | | |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued payroll | \$ 100,467 | \$ 70,955 |
| Grants payable - current | 2,694,224 | 3,384,450 |
| Total current liabilities | 2,794,691 | 3,455,405 |
| Long-term liabilities | | |
| Grants payable - long-term | 1,600,000 | 2,260,000 |
| Total long-term liabilities | 1,600,000 | 2,260,000 |
| TOTAL LIABILITIES | 4,394,691 | 5,715,405 |
| NET POSITION | | |
| Without donor restrictions | 1,776,489 | 2,096,517 |
| With donor restrictions | 204,020 | 198,335 |
| Total net position | 1,980,509 | 2,294,852 |
| TOTAL LIABILITIES AND NET POSITION | \$ 6,375,200 | \$ 8,010,257 |

(The accompanying notes are an integral part of these financial statements)

DESERT HEALTHCARE FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

| | | | Totals | |
|--|-------------------------------|----------------------------|--------------|------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | 2020 | 2019 (Memorandum Only) |
| REVENUES AND GAINS | | | | |
| Contributions | \$ 46,753 | \$ 26,469 | \$ 73,222 | \$ 30,748 |
| Grants and bequests | 264,668 | - | 264,668 | 1,266,188 |
| Interest and dividends | 184,904 | - | 184,904 | 115,058 |
| Investment gains (losses) | 41,026 | - | 41,026 | 386,648 |
| Change in value - charitable trust | - | (1,940) | (1,940) | 310 |
| Net assets released from restrictions | 18,844 | (18,844) | - | - |
| Total revenues and gains | 556,195 | 5,685 | 561,880 | 1,798,952 |
| EXPENSES | | | | |
| Grants and social services | 508,667 | - | 508,667 | 1,536,658 |
| Management and general | 367,556 | - | 367,556 | 246,663 |
| Total expenses | 876,223 | - | 876,223 | 1,783,321 |
| INCREASE (DECREASE) IN NET POSITION | (320,028) | 5,685 | (314,343) | 15,631 |
| NET POSITION, BEGINNING OF YEAR | 2,096,517 | 198,335 | 2,294,852 | 2,279,221 |
| NET POSITION, END OF YEAR | \$ 1,776,489 | \$ 204,020 | \$ 1,980,509 | \$ 2,294,852 |

(The accompanying notes are an integral part of these financial statements)

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

| | | | Totals | |
|----------------------------------|------------------------|---------------------------|-------------------|------------------------------|
| | Grants and Services | Management and General | 2020 | 2019 (Memorandum Only) |
| Grants and social services | \$ 508,667 | \$ - | \$ 508,667 | \$ 1,536,658 |
| Management and general expenses | <u>-</u> | <u>367,556</u> | <u>367,556</u> | <u>246,663</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 508,667</u> | <u>\$ 367,556</u> | <u>\$ 876,223</u> | <u>\$ 1,783,321</u> |

(The accompanying notes are an integral part of these financial statements)

DESERT HEALTHCARE FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

| | <u>2020</u> | 2019 (Memorandum Only) <u>Only)</u> |
|--|----------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net position | \$ (314,343) | \$ 15,631 |
| Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities: | | |
| Unrealized gains on investments | (41,026) | (386,648) |
| Increase (decrease) in operating assets: | | |
| Grants receivable | 1,000,000 | 30,829 |
| Prepaid expenses | 500 | 40 |
| Charitable remainder trusts | 1,941 | (310) |
| Accrued interest and dividends receivable | (1,199) | (3,945) |
| Increase (decrease) in operating liabilities | | |
| Accounts payable and accrued payroll | 29,512 | (13,025) |
| Grants payable | <u>(1,350,226)</u> | <u>823,283</u> |
| Net cash provided (used) by operating activities | <u>(674,841)</u> | <u>465,855</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net investment activity | <u>874,135</u> | <u>(2,967,857)</u> |
| Net cash provided (used) by investing activities | <u>874,135</u> | <u>(2,967,857)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 199,294 | (2,502,002) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>945,995</u> | <u>3,447,997</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 1,145,289</u></u> | <u><u>\$ 945,995</u></u> |

(The accompanying notes are an integral part of these financial statements)

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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 accompanying 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. Net position and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net positions of the Foundation and changes therein are classified as follows:

Net position without donor restrictions: Net position that is 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 position with donor restrictions: Net position 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 position with donor restrictions of \$204,020 at June 30, 2020. (See note 6)

Donated Facilities and Services

The District has provided to the Foundation the use of its office facilities at no charge. For the fiscal year ended June 30, 2020 the District allocated to the Foundation \$305,676 related to personnel charges. The value of the on-site facilities is not reflected in these statements, as they do not meet the criteria for recognition. (See note 7)

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Contributions

Unconditional contributions are recognized when pledged and recorded as net position without donor restrictions or net position 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 position with donor restrictions are reclassified to net position 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 position 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 market 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.

Memorandum Totals

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 generally accepted accounting principles. 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.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

2. FAIR VALUE MEASUREMENTS

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

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, 2020, 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, 2020 was \$5,020,682. (See Note 3)

3. CASH AND INVESTMENTS

Demand Deposits

The carrying amounts at June 30, 2020, of the Foundation's cash deposits were \$998,358, and money market funds were \$146,931. Bank balances were \$1,151,126 at June 30, 2020. Occasionally, the Foundation's cash balance in banks exceeds the Federal Deposit Insurance Corporation's insurance limits but management does not expect any significant credit risk relating to cash.

Investments

At June 30, 2020, investments consisted of the following:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain</u> |
|--------------------------|---------------------|---------------------|----------------------------|
| Corporate bonds | \$ 1,481,003 | \$ 1,581,765 | \$ 100,762 |
| U.S. Government agencies | 1,174,835 | 1,290,684 | 115,849 |
| Mutual funds | 261,168 | 269,060 | 7,892 |
| Marketable securities | <u>1,657,861</u> | <u>1,879,173</u> | <u>221,312</u> |
| Total Investments | <u>\$ 4,574,867</u> | <u>\$ 5,020,682</u> | <u>\$ 445,815</u> |

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

4. CHARITABLE REMAINDER TRUSTS

The Foundation was named beneficiary to two charitable remainder unitrusts (whose trustees are someone other than the Foundation), all of which are recorded at fair value. The balances at June 30, 2020 amounted to \$187,298 and general terms of the trusts are as follows:

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, 2018, 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, 2020 was \$61,276.

5. GRANTS PAYABLE

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

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Behavioral Health Initiative Collective Fund | \$ 1,952,000 | \$ 1,985,200 |
| Avery Trust – Pulmonary | 919,801 | 1,000,000 |
| West Valley Homelessness Initiative | 711,383 | 2,125,712 |
| East Valley Grant Funding | 419,156 | 225,000 |
| Grant for Swim Lessons | 174,279 | 70,573 |
| Grant for Health Portal | 110,105 | 131,898 |
| Galilee Center – Emergency | 7,500 | 41,250 |
| California Endowment and School District | <u>-</u> | <u>64,817</u> |
| | <u>\$ 4,294,224</u> | <u>\$ 5,644,450</u> |

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

6. NET POSITION – WITH DONOR RESTRICTIONS

Donor restricted net position consists of the following purposes as of June 30:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| <u>Subject to expenditure for specified purpose:</u> | | |
| Summer Homeless Survival Fund | \$ 16,722 | \$ 9,096 |
| Charitable Remainder Trust | <u>126,022</u> | <u>126,022</u> |
| | <u>142,744</u> | <u>135,118</u> |
| <u>Subject to the passage of time:</u> | | |
| Charitable Remainder Trust | <u>61,276</u> | <u>63,217</u> |
| Net Position – with donor restrictions | <u>\$ 204,020</u> | <u>\$ 198,335</u> |

7. 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. The District donated funds of \$200,000 to the Foundation during the year ended June 30, 2020 to help fulfill their purpose. The District also provided the Foundation with office space and personnel of \$305,676.

8. 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 are as follows:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Financial assets: | | |
| Cash | \$ 1,145,289 | \$ 945,995 |
| Investments | 5,020,682 | 5,853,791 |
| Grants receivable | - | 1,000,000 |
| Accrued interest and dividend receivable | 18,931 | 17,732 |
| Contributions receivable – CRT | <u>187,298</u> | <u>189,239</u> |
| Total financial assets | <u>6,372,200</u> | <u>8,006,757</u> |
| Less financial assets held to meet donor-imposed restrictions: | | |
| Purpose-restricted net assets (Note 5) | (4,294,224) | (5,644,450) |
| Interest in charitable remainder trust (Note 4) | (187,298) | (189,239) |
| Donor-restricted funds (Note 6) | <u>(16,722)</u> | <u>(9,096)</u> |
| Amount available for general expenditures within one year | <u>\$ 1,873,956</u> | <u>\$ 2,163,972</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).

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

9. UNCERTAINTIES

As a result of the COVID-19 coronavirus pandemic, economic uncertainties have arisen which could have an impact on the operations of the Foundation. The related financial impact and duration cannot be reasonably estimated at this time.

10. SUBSEQUENT EVENTS

The Foundation evaluated all potential subsequent events as of October 13, 2020 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2020 or as of October 13, 2020 that require disclosure to the financial statements.