



DESERT HEALTHCARE FOUNDATION
Special Meeting of the Finance, Legal, Administration, & Real Estate Committee
October 14, 2021

A special meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 4:00 PM, Tuesday, October 14, 2021, via Zoom using the following link:

<https://us02web.zoom.us/j/89768867830?pwd=b3ZYMmc1MkdDZUNCQzM0OWJST01uUT09>
Password: 975597

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

Dial in #:(669) 900-6833 To Listen and Address the Board when called upon:
Webinar ID: 897 6886 7830
Password: 975597

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 14, 2021 - Pg. 2-3

V. CEO REPORT

VI. FINANCIAL REPORT

ACTION

1. Financial Statements – Pg. 4-8
2. Deposits – Pg. 9
3. Check Register – Pg. 10
4. Credit Card Expenditures – Pg. 11
5. General Grants Schedule – Pg. 12-13

VII. OTHER MATTERS

ACTION

1. Gary Dack, CPA, Partner, and Shannon Maidment, CPA, Partner – Lund & Guttry LLP – FY 2021 Audit Report – Pg. 14-42 (Reports presented during the District committee meeting)

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
September 14, 2021

Directors Present via Video Conference	District Staff Present via Video Conference	Absent
Chair/Director Arthur Shorr President Leticia De Lara Director Les Zendle, MD	Conrado E. Bázaga, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Eric Taylor, Accounting Manager Donna Craig, Chief Program Officer Alejandro Espinoza, Chief of Community Outreach Andrea S. Hayles, Clerk to the Board	

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 3:56 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda.	Moved and seconded by Director Zendle 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 13, 2021	Chair Shorr asked for a motion to approve the minutes of the July 13, 2021, F&A Committee meeting.	Moved and seconded by President De Lara and Director Zendle to approve the July 13, 2021, meeting minutes. Motion passed unanimously.
V. CEO Report		
VI. Financial Reports 1. Financial Statements 2. Deposits 3. Check Register 4. Credit Card Expenditures 5. General Grants Schedule	Chair Shorr reviewed the financials with the committee.	Moved and seconded by President De Lara and Director Zendle to approve the July and August 2021 Foundation Financial Reports – items 1-5 and forward to the Board for approval. Motion passed unanimously.
VII. Other Matters 1. Program Assistant to assist with the COVID-19 Coachella Valley Equity Collaborative efforts	Conrado Barzaga, MD, CEO, described the Program Assistant position due to the demands with the Equity Collaborative that is necessary for the Chief of Community Engagement, further explaining that future funding from Riverside County will fund the position. Alejandro Espinoza, Chief of Community Engagement, detailed the upcoming activities with the booster shots and the	Moved and seconded by Director Zendle and President De Lara to approve the Program Assistant to assist with the COVID-19 Coachella Valley Equity Collaborative efforts contingent on funding and forward to the Board for approval. Motion passed unanimously.



DESERT HEALTHCARE FOUNDATION
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
September 14, 2021

	<p>continued community partnerships.</p> <p>Director Zendle recommends a permanent position with a suitable employee that includes the appropriate benefits.</p> <p>On a separate matter, Chair Shorr described a fundraising strategy for other agencies that do not compete with the grantees, such as golf tournaments and corporate sponsorships, as an agenda item for a future Workshop or Strategic Planning discussions to grow the Foundation’s impact on the community for program distribution.</p> <p>Director Zendle suggested directing staff to explore, speak with legal, determine what other districts are doing, and provide the findings to the committee.</p>	
<p>VIII. Adjournment</p>	<p>Chair Shorr adjourned the meeting at 4:17 p.m.</p>	<p>Audio recording available on the website at http://dhcd.org/Agendas-and-Documents</p>

ATTEST: _____
 Arthur Shorr, Chair, Director, Board of Directors
 Finance & Administration Committee
 Desert Healthcare Foundation Board of Directors

Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board

DESERT HEALTHCARE FOUNDATION					
SEPTEMBER 2021 FINANCIAL STATEMENTS					
INDEX					
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 2021

	MONTH			TOTAL		
	Sep 21	Budget	\$ Over Budget	Jul - Sep 21	Budget	\$ Over Budget
Income						
4000 · Gifts and Contributions	10	4,167	(4,157)	50,030	12,501	37,529
4003 · Grants	0	137,500	(137,500)	0	412,500	(412,500)
4116 · Bequests - Frederick Lowe	0	5,000	(5,000)	10,793	15,000	(4,207)
4130 · Misc. Income	0	83	(83)	0	249	(249)
8015 · Investment Interest Income	14,389	12,500	1,889	40,157	37,500	2,657
8040 · Restr. Unrealized Gain/(Loss)	(157,519)	10,417	(167,936)	(35,022)	31,251	(66,273)
Total Income	(143,120)	169,667	(312,787)	65,958	509,001	(443,043)
Expense						
5001 · Accounting Services Expense	958	958	0	2,874	2,874	0
5035 · Dues & Memberships Expense	25	42	(17)	25	126	(101)
5057 · Investment Fees Expense	4,270	4,167	103	14,319	12,501	1,818
5065 · Legal Costs Ongoing Expense	0	83	(83)	0	249	(249)
5101 · DHCD-Exp Alloc Wages& benefits	19,001	15,073	3,928	57,003	45,219	11,784
5102 · DHCD-Expenses - COVID CARES	6,628	33,634	(27,006)	14,953	100,902	(85,949)
5106 · Marketing & Communications	26	3,958	(3,932)	146	11,874	(11,728)
5110 · Other Expenses	65	417	(352)	744	1,251	(507)
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	116,667	(116,667)	68,343	350,001	(281,658)
8052 · Grant Expense - Collective/Mini	0	2,500	(2,500)	0	7,500	(7,500)
Total Expense Before Social Services	30,973	177,590	(146,617)	158,407	532,770	(374,363)
5054 · Social Services Fund	0	5,000	(5,000)	0	15,000	(15,000)
Net Income	(174,093)	(12,923)	(161,170)	(92,449)	(38,769)	(53,680)

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of September 30, 2021

			Sep 30, 21	Sep 30, 20
ASSETS				
Current Assets				
Checking/Savings				
100 - CASH				
150 - Petty Cash			200	200
151 - Checking - Union Bank 7611			992,104	1,238,390
152 - Checking - Union Bank 8570			10,000	0
Total Checking/Savings			1,002,304	1,238,590
Total Accounts Receivable			100,000	50,000
Other Current Assets				
316 - Accrued Revenue			600,000	0
476-486 - INVESTMENTS				
477 - Morgan Stanley-Investments				
477.2 - Unrealized Gain/(Loss)			85,327	217,705
477 - Morgan Stanley-Investments - Other			3,120,435	3,046,977
Total 477 - Morgan Stanley-Investments			3,205,762	3,264,682
486 - Merrill Lynch				
486.1 - Merrill Lynch Unrealized Gain			752,636	312,971
486 - Merrill Lynch - Other			1,833,122	1,724,686
Total 486 - Merrill Lynch			2,585,758	2,037,657
Total 476-486 - INVESTMENTS			5,791,520	5,302,339
500 - CONTRIBUTIONS -RCVB -CRTS				
515 - Contrib RCVB-Pressler CRT			74,787	61,277
530 - Contrib RCVB-Guerts CRT			126,022	126,022
Total 500 - CONTRIBUTIONS -RCVB -CRTS			200,809	187,299
601 - Prepaid Payables			5,625	5,875
Total Other Current Assets			6,597,954	5,495,513
TOTAL ASSETS			7,700,258	6,784,103

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of September 30, 2021

				Sep 30, 21	Sep 30, 20
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
			1000 · Accounts Payable	6,036	102,024
			1052 · Account payable-DHCD Exp Alloc	201,617	(944)
			Total Accounts Payable	207,653	101,080
Other Current Liabilities					
			2183 · Grants Payable-COVID-CARES PHI	863,862	0
			2185 · Deferred Revenue	0	50,000
			2190 · Current - Grants payable	3,286,482	3,011,343
			Total Other Current Liabilities	4,150,344	3,061,343
			Total Current Liabilities	4,357,997	3,162,423
Long Term Liabilities					
			2186 · Grants payable	1,600,000	1,600,000
			Total Liabilities	5,957,997	4,762,423
Equity					
			3900 · Retained Earnings	1,834,713	1,980,510
			Net Income	(92,449)	41,170
			Total Equity	1,742,264	2,021,680
TOTAL LIABILITIES & EQUITY				7,700,258	6,784,103

DESERT HEALTHCARE FOUNDATION					
BALANCE SHEET 09/30/21					
ALLOCATION OF MAJOR CATEGORIES/LIABILITIES					
		T/B	GENERAL Fund	Restricted Funds	Trusts
ASSETS					
	150 · Petty Cash	200	200	-	-
	151 · Checking - Union Bank 7611*	992,104	30,589	961,515	-
	152 · Checking - Union Bank 8570*	10,000		10,000	
Total 100 · CASH - UNRESTRICTED		1,002,304	30,789	971,515	-
Accounts Receivable					
	321 - Accounts Receivable - Other	100,000	-	100,000	
Total Accounts Receivable		100,000	-	100,000	-
	316 - Accrued Revenue	600,000		600,000	
477 · Invt-Morgan Stanley					
	477.2 · Unrealized Gain	85,327	-	85,327	-
	477 · Invt-Morgan Stanley	3,120,435	-	3,120,435	-
Total 477 · Invt-Morgan Stanley		3,205,762	-	3,205,762	-
6441	486.1 · Merrill Lynch Unrealized Gain	752,636	752,636	-	-
	486 · Merrill Lynch	1,833,122	752,405	1,080,717	-
Total 486 · Merrill Lynch		2,585,758	1,505,041	1,080,717	-
	515 · Contrib RCVB-Pressler CRT	74,787	-	-	74,787
	530 · Contrib RCVB-Guerts CRT	126,022	-	-	126,022
	601 - Prepaid payables	5,625	5,625	-	-
Total Current Assets		7,700,258	1,541,455	5,957,994	200,809
TOTAL ASSETS		7,700,258	1,541,455	5,957,994	200,809
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
	1000 · Accounts Payable	6,036	-	6,036	-
	1052 - Account Payable - DHCD - Alloc Expenses	201,617	-	201,617	-
	2183 · Grants Payable-COVID-CARES PHI	863,862		863,862	
	2190 - Grants Payable - Current Portion	3,286,482	-	3,286,482	-
Total Current Liabilities		4,357,997	-	4,357,997	-
	2186 - Grant Payable - Long Term	1,600,000	-	1,600,000	-
Total Liabilities		5,957,997	-	5,957,997	-
Equity					
	3900 · Retained Earnings	1,834,713	1,633,904		200,809
	Net Income	(92,449)	(92,449)	-	-
Total Equity		1,742,264	1,541,455	-	200,809
TOTAL LIABILITIES & EQUITY		7,700,258	1,541,455	5,957,994	200,809
* Restricted funds include Pass-Through Funds and Accounts Payable					

Desert Healthcare Foundation
Deposit Detail
September 2021

Type	Date	Name	Account	Amount
Deposit	09/07/2021		151 - Checking - Union Bank 7611	22,500
		Public Health Institute -	4003 - Grants	(22,500)
TOTAL				(22,500)
Deposit	09/08/2021		151 - Checking - Union Bank 7611	50,000
Payment	09/08/2021	Inland Empire Health Plan	1499 - Undeposited Funds	(50,000)
TOTAL				(50,000)
Deposit	09/27/2021		151 - Checking - Union Bank 7611	10
		Misc.	4000 - Gifts and Contributions	(10)
TOTAL				(10)
			TOTAL	72,510

Desert Healthcare Foundation
Check Register
As of September 30, 2021

Type	Date	Num	Name	Amount
100 - CASH				
151 - Checking - Union Bank 7611				
Bill Pmt -Check	09/02/2021	5258	Riverside County Housing Authority	(25,000)
Bill Pmt -Check	09/08/2021	5259	EI Sol Neighborhood Educational Center - Grant Payment	(40,000)
Bill Pmt -Check	09/08/2021	5260	Lund & Guttry LLP	(2,000)
Bill Pmt -Check	09/08/2021	5261	Union Bank	(14,440)
Bill Pmt -Check	09/09/2021	5262 - VOID	TOP Shop	0
Bill Pmt -Check	09/14/2021	5263	TOP Shop	(1,363)
Bill Pmt -Check	09/14/2021	5264	TOP Shop	(207)
Bill Pmt -Check	09/22/2021	5265	Miguel Delgado	(400)
Bill Pmt -Check	09/22/2021	5266	City of Palm Springs	(25)
Bill Pmt -Check	09/23/2021	5267	TOP Shop	(315)
Bill Pmt -Check	09/23/2021	5268	Maximiliano Felipe Ochoa	(125)
Bill Pmt -Check	09/23/2021	5269	Alejandro Espinoza - Expense Reimbursement	(2,145)
Check	09/27/2021		Bank Service Charge	(204)
Bill Pmt -Check	09/30/2021	5270	Public Health Institute - Grant Payment	(37,500)
TOTAL				(123,724)

Desert Healthcare Foundation					
Details for Credit Card Expenditures					
Credit card purchases - August 2021 - Paid September 2021					
Number of credit cards held by Foundation personnel - 3					
Credit Card Limit - \$25,000					
Credit Card Holders:					
Conrado Bárzaga - Chief Executive Officer					
Chris Christensen - Chief Administration Officer					
Alejandro Espinoza - Chief of Community Engagement					
Routine types of charges:					
Office Supplies, Dues for membership, Supplies for Projects, Programs, etc.					
Statement					
Year	Month Charged	Total Charges	Expense Type	Amount	Purpose
		\$ 14,439.84			
Monthly Statement:					
2021	August	\$ 14,439.84	Foundation		
			5106	\$ 10.99	cvHIP.com hosting
			5106	\$ 14.99	Desert Sun subscription - marketing
			5102	\$ 2,038.78	Rental car for CV Collaborative events
			5102	\$ 100.29	La Cazuela food for CV Collaborative event
			5102	\$ 580.00	Vision Y Compromiso 19th Annual Conference
			5102	\$ (176.91)	Cancelled order for CV Collaborative items
			5102	\$ (14.80)	Cancelled order for CV Collaborative items
			5102	\$ 93.45	Fuel for rental truck
			5102	\$ 391.27	Panera Bread - food for CV Collaborative event
			5102	\$ 182.00	Starbucks - gift cards for CV Collaborative outreach
			5102	\$ 30.90	Starbucks - food for CV Collaborative event
			5102	\$ 203.00	Starbucks - gift cards for CV Collaborative outreach
			2183	\$ 277.88	Home Depot - materials for outreach events
			2183	\$ 1,255.00	Amazon - PPE materials for outreach events
			5102	\$ 211.00	Walgreens - gift cards for outreach events
			2183	\$ 931.00	Amazon - materials for outreach events
			2183	\$ 3,229.88	FedEx Office - flyers for outreach events
			5102	\$ 97.47	Fuel for rental truck
			5102	\$ 176.91	CV Collaborative items (cancelled)
			5102	\$ 100.40	Fuel for rental truck
			5110	\$ 268.15	Hotel Reservation for ACHD conference (to be transferred to District)
			5102	\$ 2,109.95	Starbucks - gift cards for CV Collaborative outreach
			5102	\$ 539.70	Starbucks - gift cards for CV Collaborative outreach
			5102	\$ 98.28	Fuel for rental truck
			2183	\$ 249.70	Amazon - vaccination materials for CV Collaborative events
			2183	\$ 175.32	Wal-Mart - computer monitor
			5102	\$ 61.89	Food for CV Collaborative events
			2183	\$ 793.12	Supplies for CV Collaborative events
			5102	\$ 222.25	Panera Bread - food for CV Collaborative event
			5102	\$ 100.17	Fuel for rental truck
			2183	\$ 73.01	Supplies for CV Collaborative events
			5102	\$ 14.80	CV Collaborative items (cancelled)
				\$ 14,439.84	

DESERT HEALTHCARE FOUNDATION							
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE							
September 30, 2021							
TWELVE MONTHS ENDING JUNE 30, 2022							
A/C 2190 and A/C 2186-Long term			6/30/2021	New Grants	Total Paid	9/30/2021	
Grant ID Nos.	Name		Open	Current Yr	July-June	Open	
			BALANCE	2021-2022		BALANCE	
Health Portal	Remaining Collective Funds-Mayor's Race & DHCF		\$ 72,176		\$ -	\$ 72,176	HP-cvHIP
BOD - 04/24/18	Behavioral Health Initiative Collective Fund		\$ 1,752,356		\$ 38,780	\$ 1,713,576	Behavioral Health
BOD - 06/26/18 BOD	Avery Trust Funds-Committed to Pulmonary services		\$ 795,017		\$ 37,500	\$ 757,517	Avery Trust
BOD - 6/25/19 BOD (#1006)	DHCD - Homelessness Initiative Collective Fund		\$ 595,714		\$ 1,657	\$ 594,057	Homelessness
BOD - 02/23/21 BOD (#1148)	OneFuture - Black and African American Healthcare Scholarship - 2 yrs		\$ 155,000		\$ -	\$ 155,000	
BOD - 07/27/21 BOD (#1288)	Borrego Community - Improving Access to Healthcare - 3 yrs			\$ 575,000	\$ -	\$ 575,000	
F&A - 06/11/19, 6/09/20, 06/22/21 Res. NO. 21-02	Prior Year Commitments & Carry-Over Funds		\$ 1,044,156		\$ 25,000	\$ 1,019,156	
TOTAL GRANTS			\$ 4,414,419	\$ 575,000	\$ 102,938	\$ 4,886,481	
Summary: As of 09/30/2021		Uncommitted					
Health Portal (CVHIP):	\$ 72,176	\$ 72,176			A/C 2190	\$ 3,286,482	
Behavioral Health Initiative Collective Fund	\$ 1,713,576	\$ 1,598,178			A/C 2186	\$ 1,600,000	<<\$870,000 BH
Avery Trust - Pulmonary Services	\$ 757,517	\$ 558,426			Total	\$ 4,886,482	\$730,000 Carry Over
West Valley Homelessness Initiative	\$ 594,057	\$ 71,557			Diff	\$ (0)	
Healthcare Needs of Black Communities	\$ 730,000	\$ -					
Prior Year Commitments & Carry-Over Funds	\$ 1,019,156	\$ 1,014,156					
Total	\$ 4,886,481	\$ 3,314,493					
Amts available/remaining for Grant/Programs - FY 2021-22:			FY22 Grant Budget		Social Services Fund #5054		
Amount budgeted 2021-2022		\$ 530,000	\$ 500,000		Budget	\$ 60,000	
Amount granted year to date		\$ (575,000)	\$ 30,000		DRMC Auxiliary	\$ -	Spent YTD
Mini Grants:					Balance Available	\$ 60,000	
Net adj - Grants not used:							
Contributions / Additional Funding	DHCD Grant #1134 \$400,000, IEHP \$100,000 & Lift To Rise \$75,000	\$ 575,000					
Prior Year Commitments & Carry-Over Funds	FY18-19 Funds \$14,156; FY19-20 Funds \$300,000; FY20-21 Funds \$730,000	\$ 1,019,156					
Balance available for Grants/Programs		\$ 1,549,156					

DESERT HEALTHCARE FOUNDATION						
OUTSTANDING PASS-THROUGH GRANTS AND GRANT PAYMENT SCHEDULE						
September 30, 2021						
FISCAL YEAR ENDING JUNE 30, 2022						
A/C 2183			6/30/2021	New Grants		9/30/2021
Grant ID Nos.	Name		Open	Current Yr	Total Paid	Open
			BALANCE	2021-2022	July-June	BALANCE
BOD - 10/20/20 - Contract #21-024	Coronavirus Aid, Relief, and Economic Security (CARES) Act and Center for Disease Control and Prevention Epidemiology and Laboratory Capacity (ELC) Enhancing Detection funding from Riverside County - \$2.4 Million (\$1,960,000 for grants)					
BOD - 10/20/20 (#1159)	Lideres Campesinas, Inc. - Take It to the Fields Initiative		\$ 30,000		\$ 30,000	\$ -
BOD - 03/23/21 (#1268)	El Sol Neighborhood Educational Center - Coachella Valley COVID-19 Collaborative		\$ 125,000		\$ 40,000	\$ 85,000
BOD - 03/23/21 (#1269)	Alianza Coachella Valley - ECV COVID-19 STRATEGIC COMMUNICATIONS PLAN		\$ 125,000		\$ 40,000	\$ 85,000
BOD - 03/23/21 (#1270)	Galilee Center - Emergency Services		\$ 85,000		\$ -	\$ 85,000
BOD - 03/23/21 (#1271)	Vision Y Compromiso - Stop the Spread of COVID-19		\$ 85,000		\$ -	\$ 85,000
BOD - 03/23/21 (#1272)	Youth Leadership Institute - COVID-19 ECV Collaborative		\$ 85,000		\$ -	\$ 85,000
BOD - 03/23/21 (#1273)	Pueblo Unido CDC - Coachella Valley COVID-19 Collaborative		\$ 125,000		\$ 40,000	\$ 85,000
BOD - 03/23/21 (#1274)	Todec Legal Center Perris - Sembrando Prevencion		\$ 125,000		\$ 40,000	\$ 85,000
BOD - 03/23/21 (#1275)	Lideres Campesinas, Inc. - Take It to the Fields Initiative		\$ 125,000		\$ -	\$ 125,000
BOD - 12/15/20 - Contract	Together Toward Health funding, a Program of the Public Health Institute - \$725,000 (\$635,000 for grants)					
BOD - 12/15/20 (#1172)	El Sol Neighborhood Educational Center - Coachella Valley COVID-19 Collaborative		\$ 45,000		\$ 45,000	\$ -
BOD - 12/15/20 (#1175)	Pueblo Unido, CDC		\$ -		\$ -	\$ -
BOD - 12/15/20 (#1176)	Galilee Center - Emergency Services		\$ -		\$ -	\$ -
BOD - 12/15/20 (#1179)	Youth Leadership Institute		\$ 6,250		\$ 6,250	\$ -
BOD - 12/15/20 (#1180)	Alianza Coachella Valley - ECV COVID-19 STRATEGIC COMMUNICATIONS PLAN		\$ 6,250		\$ 6,250	\$ -
BOD - 12/15/20 (#1181)	Vision Y Compromiso - Promotoras and the Coachella Valley COVID-19 Collaborative		\$ 45,000		\$ 45,000	\$ -
BOD - 12/15/20 (#1185)	Lideres Campesinas, Inc. - Take It to the Fields Initiative		\$ 45,000		\$ 45,000	\$ -
BOD - 12/15/20 (#1189)	Todec Legal Center Perris - Sembrando Prevencion		\$ 45,000		\$ 45,000	\$ -
TOTAL GRANTS			\$ 1,102,500	\$ -	\$ 382,500	\$ 720,000
CARES/ELC	Passthrough to Community Based Organizations		\$ 910,000	\$ -	\$ 190,000	\$ 720,000
	CARES/ELC Administrative Costs		\$ 200,000		\$ 66,632	\$ 133,369
Total CARES/ELC			\$ 1,110,000		\$ 256,632	\$ 853,369
Public Health Institute	Passthrough to Community Based Organizations		\$ 192,500	\$ -	\$ 192,500	\$ -
	Public Health Institute Administrative Costs		\$ 37,946		\$ 27,452	\$ 10,494
TOTAL Public Health Institute			\$ 3,552,946	\$ -	\$ 219,952	\$ 10,494
					Account 2183	\$ 863,862
Amts available/remaining for Grant/Programs - FY 2021-22:						\$ (0)
Amount granted year to date		\$ -				Grant Funds
Mini Grants:					CARES/ELC	PHI
Net adj - Grants not used:				Total Grant	\$ 2,400,000	\$ 725,000
Foundation Administration Costs		\$ (237,946)		Received to Date	\$ 1,700,000	\$ 725,000
Contributions / Additional Funding	ELC3 \$200,000 & PHI \$37,946 Carryover from FY21	\$ 237,946		Balance Remaining	\$ 700,000	\$ -
Balance available for Grants/Programs		\$ -				



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: October 14, 2021
To: Finance & Administration Committee
Subject: Lund & Guttry LLP – FY2021 Audit Reports – Foundation & Single Audit

Staff Recommendation: Consideration to approve the FY2021 Audit reports for the Desert Healthcare Foundation and Single Audit of Federal Funds.

Background:

- For the second year, staff worked with Lund & Guttry LLP to complete the audits for all entities.
- Due to the COVID-19 pandemic, field work was completed remotely to maintain the safety of staff of the District and Lund & Guttry.
- In FY21, the Foundation received CARES and ELC federal funding via Riverside County.
- As a result of receipt of the federal funding, in addition to the normal financial audit of the Foundation, an A-133 (aka Single Audit) was required.
- The Foundation and Single Audit reports will be presented during the District committee meeting.
- The Foundation and Single Audits received unmodified opinions with no findings.
- However, as a result of the first year of the Single Audit, two recommendations were provided in a Management Letter included in the packet.
- The first recommendation resulted from a requirement to maintain a separate non*-interest-bearing bank account for federal funds. The funds were originally deposited into the Foundation’s non-interest-bearing operating account. Staff maintains very detailed accounting records and schedules that easily identifies the proper usage of the federal funds, acknowledge by the auditors. At the recommendation of the auditors, staff opened a separate account and the remaining funds as of 6/30/21 were transferred. All transactions going forward will be accounted for through the separate account.
- The second recommendation is regarding record retention. For audit testing purposes, staff provided all requested documentation that was provided by the CBO’s. However, the recommendation is for the Foundation, as the subrecipient of the federal funds, to maintain all supporting documentation from the CBO’s in the Foundation’s record keeping. Staff is maintaining all current documentation and will continue to request documentation for FY21 from all CBOs, so that the documentation is included in the Foundation’s records for ease of access for any future audit needs.
- Staff recommends approval of the FY2021 Audit Reports for the Desert Healthcare District and supplemental Single Audit.

Fiscal Impact:

No

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of Desert Healthcare Foundation (the "Foundation") for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

However, as discussed below we noted a few matters that we wanted to bring to your attention that give you an opportunity to strengthen existing internal controls and operating efficiency and are mentioned for management purposes only.

COMPLIANCE WITH AGREEMENTS

During the audit, we noted that the subrecipient agreement with the County of Riverside (County) required that the provided funds be held in a separate bank account that is non-interest bearing. The Foundation held the funds in an account with other funds unrelated to the County's subrecipient agreement, however, the account was non-interest bearing. Additionally, management maintained an organized accounting of the subrecipient funds despite not being held in a separate bank account. Due to this provision in the agreement, we requested that management inform the County of this compliance oversight. Management has since opened a separate bank account and transferred undistributed funds received from the County in the account to maintain compliance. We do not believe this was significant enough to warrant a finding. We recommend that management continue to review any agreements in detail to ensure compliance is met with provisions of the agreement.

DOCUMENTATION SUPPORTING CONTRACTOR REIMBURSED EXPENSES

During the compliance audit, it was noted that there were instances where management needed to follow up with the contactors (CBOs and FBOs) to obtain support for certain expenses incurred by the contractors and reimbursed for by County funding provided as part of the subrecipient agreement. For audit purposes we were able to obtain the needed support for the selected contractors and transactions, however, we would recommend that management consider performing an internal audit of the other time periods and/or contractors not covered by the compliance audit procedures, to ensure that funds were expended for allowable costs under the provision of the funding.

DOCUMENTATION SUPPORTING CONTRACTOR REIMBURSED EXPENSES -
(Continued)

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In our opinion, a finding is not necessary since we were able to obtain sufficient support for the transactions selected during our audit resulting in no questioned costs.

Management Response:

It is important to note the CARES and ELC funding received by the Foundation were provided on an emergency basis related to the COVID-19 pandemic and the first instance of federal funding received requiring a Single Audit. Due to the urgent nature of the CARES funding and the expedited pass-through to the designated CBOs, Foundation staff diligently secured documentation to support the CBO's expenditures and budgets.

As defined in the recommendation, Foundation staff provided the requested additional documentation supplied from the CBOs during the single audit to support the sample testing. Understanding the additional level of documentation required for the single audit of federal funds per the recommendation, Foundation staff will obtain all required CBO documentation to ensure that funds are expended for allowable costs under the provision of the funding.

This letter is intended solely for the information and use of the Board of Directors and management.

October 12, 2021

DRAFT

DESERT HEALTHCARE FOUNDATION

PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

DESERT HEALTHCARE FOUNDATION

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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, 2021, 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, 2021, 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 12, 2021, 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

We have previously audited the Organization's June 30, 2020 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 13, 2020. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it was derived.

October 12, 2021

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

DRAFT

	Totals	
	2021	2020 (Memorandum Only)
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 1,348,623	\$ 1,145,289
Grants receivable	1,122,500	-
Prepaid expenses	2,500	3,000
Accrued interest and dividend receivable	17,221	18,931
Total current assets	<u>2,490,844</u>	<u>1,167,220</u>
OTHER ASSETS		
Contributions receivable - charitable remainder trusts	200,809	187,298
Investments	<u>5,617,879</u>	<u>5,020,682</u>
Total other assets	<u>5,818,688</u>	<u>5,207,980</u>
TOTAL ASSETS	<u>\$ 8,309,532</u>	<u>\$ 6,375,200</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current liabilities		
Accounts payable and accrued payroll	\$ 144,954	\$ 100,467
Grants payable - current	4,679,865	2,694,224
Deferred revenue	50,000	-
Total current liabilities	<u>4,874,819</u>	<u>2,794,691</u>
Long-term liabilities		
Grants payable - long-term	<u>1,600,000</u>	<u>1,600,000</u>
Total long-term liabilities	<u>1,600,000</u>	<u>1,600,000</u>
TOTAL LIABILITIES	<u>6,474,819</u>	<u>4,394,691</u>
NET ASSETS		
Without donor restrictions	1,633,904	1,776,489
With donor restrictions	<u>200,809</u>	<u>204,020</u>
Total net assets	<u>1,834,713</u>	<u>1,980,509</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,309,532</u>	<u>\$ 6,375,200</u>

DESERT HEALTHCARE FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

DRAFT

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2021	2020 (Memorandum Only)
REVENUES AND GAINS				
Contributions	\$ 139,655	\$ -	\$ 139,655	\$ 73,222
Grants and bequests	3,781,363	-	3,781,363	264,668
Interest and dividends	185,407	-	185,407	184,904
Investment gains	477,291	-	477,291	41,026
Change in value - charitable trust	-	13,511	13,511	(1,940)
Net assets released from restrictions	16,722	(16,722)	-	-
Total revenues and gains	4,600,438	(3,211)	4,597,227	561,880
EXPENSES				
Grants and social services	3,908,624	-	3,908,624	508,667
Management and general	834,399	-	834,399	367,556
Total expenses	4,743,023	-	4,743,023	876,223
DECREASE IN NET ASSETS	(142,585)	(3,211)	(145,796)	(314,343)
NET ASSETS, BEGINNING OF YEAR	1,776,489	204,020	1,980,509	2,294,852
NET ASSETS, END OF YEAR	\$ 1,633,904	\$ 200,809	\$ 1,834,713	\$ 1,980,509

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

DRAFT

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

			Totals	
	Grants and Services	Management and General	2021	2020 (Memorandum Only)
Grants and social services	\$ 3,908,624	\$ -	\$ 3,908,624	\$ 508,667
Management and general expenses	<u>-</u>	<u>834,399</u>	<u>834,399</u>	<u>367,556</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,908,624</u>	<u>\$ 834,399</u>	<u>\$ 4,743,023</u>	<u>\$ 876,223</u>

DESERT HEALTHCARE FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

DRAFT

WITH COMPARATIVE TOTALS AT JUNE 30, 2020

	<u>2021</u>	<u>2020</u> (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (145,796)	\$ (314,343)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Unrealized gains on investments	(477,291)	(41,026)
(Increase) decrease in operating assets:		
Grants receivable	(1,122,500)	1,000,000
Prepaid expenses	500	500
Contributions receivable	(13,511)	1,941
Accrued interest and dividends receivable	1,710	(1,199)
Increase (decrease) in operating liabilities		
Accounts payable and accrued payroll	44,487	29,512
Grants payable	1,985,641	(1,350,226)
Deferred revenue	50,000	-
Net cash provided (used) by operating activities	<u>323,240</u>	<u>(674,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment activity	<u>(119,906)</u>	<u>874,135</u>
Net cash provided (used) by investing activities	<u>(119,906)</u>	<u>874,135</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	203,334	199,294
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,145,289</u>	<u>945,995</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,348,623</u>	<u>\$ 1,145,289</u>

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

DRAFT

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 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 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 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 \$200,809 at June 30, 2021. (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, 2021 the District allocated to the Foundation \$768,901 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, 2021 AND 2020

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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, 2021 AND 2020

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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, 2021, 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, 2021 was \$5,617,879. (See Note 3)

3. CASH AND INVESTMENTS

Demand Deposits

The carrying amounts at June 30, 2021, of the Foundation's cash deposits were \$1,183,017, and money market funds were \$165,606 totaling \$1,348,623. Bank balances were \$1,405,663 at June 30, 2021. 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.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

DRAFT

3. CASH AND INVESTMENTS – (Continued)

Investments

At June 30, 2021 and 2020, investments consisted of the following:

	2021			2020		
	Cost	Fair Value	Unrealized Gain	Cost	Fair Value	Unrealized Gain
Corporate bonds	\$1,643,690	\$1,715,982	\$ 72,292	\$1,481,003	\$1,581,765	\$ 100,762
US Government agencies	1,104,883	1,135,924	31,041	1,174,835	1,290,684	115,849
Mutual funds	266,476	269,243	2,767	261,168	269,060	7,892
Marketable securities	1,694,882	2,496,730	801,848	1,657,861	1,879,173	221,312
Total investments	<u>\$4,709,931</u>	<u>\$5,617,879</u>	<u>\$ 907,948</u>	<u>\$4,574,867</u>	<u>\$5,020,682</u>	<u>\$ 445,815</u>

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, 2021 amounted to \$200,809 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, 2021 was \$74,787.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

DRAFT

5. GRANTS PAYABLE

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

<u>Grants</u>	<u>2021</u>	<u>2020</u>
Behavioral Health Initiative Collective Fund	\$ 1,752,356	\$ 1,952,000
Avery Trust – Pulmonary	795,017	919,801
West Valley Homelessness Initiative	595,714	711,383
East Valley Grant Funding	-	419,156
Grant for Swim Lessons	-	174,279
Grant for Health Portal	72,176	110,105
Galilee Center – Emergency	-	7,500
Improving Healthcare Access in Black Communities	525,000	-
One Futures – Black and African American Scholarship	155,000	-
Grants approved 2021/2022 year	1,044,156	-
	<u>4,939,413</u>	<u>4,294,224</u>
 <u>COVID-19 Related Grants</u>		
Lideres Campesinas	200,000	-
El Sol Neighborhood Education Center	170,000	-
Todec Legal Center	170,000	-
Alianza Coachella Valley	131,250	-
Vision Y Compromiso	130,000	-
Pueblo Unido CDC	125,000	-
Youth Leadership Institute	91,250	-
Galilee Center	85,000	-
Desert Healthcare Foundation Administrative Costs	237,946	-
	<u>1,340,446</u>	<u>-</u>
 Total grants payable	 <u>\$ 6,279,865</u>	 <u>\$ 4,294,224</u>
 Grants payable - current	 <u>\$ 4,679,865</u>	 <u>\$ 2,694,224</u>
Grants payable – longterm	<u>1,600,000</u>	<u>1,600,000</u>
	<u>\$ 6,279,865</u>	<u>\$ 4,294,224</u>

During the year ended June 30, 2021, the Foundation entered into subrecipient agreement with the County of Riverside for a total of \$2,400,000 for the time period of July 1, 2020 through March 31, 2022. The Foundation will operate as a Fiscal Intermediary for the County of Riverside to distribute funds to Community Based Organization (CBOs) and Faith-Based Organization (FBOs) in the Coachella Valley. The funding intends to support the work of CBOs and FBOs in the prevention, identification, and mitigation of COVID-19, and to assist with coordinating collaborative efforts to address COVID-19 related needs in communities that have been disproportionately impacted by disease.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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5. GRANTS PAYABLE – (Continued)

The funding being passed through the County of Riverside is federally funded by two sources “Coronavirus Aid, Relief, and Economic Security (CARES) Act and Center for Disease Control and Prevention Epidemiology and Laboratory Capacity (ELC) Enhancing Detection”. The Foundation has provided \$1,050,000 in funding to CBOs in the Coachella Valley and \$910,000 remains to be provided to the CBOs. As part of the subrecipient agreement, the Foundation will receive a total of \$440,000 to cover administrative costs which represents 18% of the funds provided to the CBOs.

6. NET ASSETS – WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
<u>Subject to expenditure for specified purpose:</u>		
Summer Homeless Survival Fund	\$ -	\$ 16,722
Charitable Remainder Trust	<u>126,022</u>	<u>126,022</u>
	<u>126,022</u>	<u>142,744</u>
<u>Subject to the passage of time:</u>		
Charitable Remainder Trust	<u>74,787</u>	<u>61,276</u>
 Net Assets – with donor restrictions	 <u>\$ 200,809</u>	 <u>\$ 204,020</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 \$0 and \$200,000 to the Foundation during the years ended June 30, 2021 and 2020, respectively, to help fulfill their purpose. The District also provided the Foundation with office space and personnel of \$768,901 and \$305,676 for years ended June 30, 2021 and 2020, respectively.

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>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,348,623	\$ 1,145,289
Investments	5,617,879	5,020,682
Grants receivable	1,122,500	-
Accrued interest and dividend receivable	17,221	18,931
Contributions receivable – CRT	<u>200,809</u>	<u>187,298</u>
Total financial assets	8,307,032	6,372,200
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 5)	(6,279,865)	(4,294,224)
Interest in charitable remainder trust (Note 4)	(200,809)	(187,298)
Donor-restricted funds (Note 6)	-	(16,722)
Amount available for general expenditures within one year	<u>\$ 1,826,358</u>	<u>\$ 1,873,956</u>

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

DRAFT

8. LIQUIDITY AND AVAILABILITY – (Continued)

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).

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 12, 2021 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2021 or as of October 12, 2021 that require disclosure to the financial statements.

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DESERT HEALTHCARE FOUNDATION

PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND
REPORTS ON INTERNAL CONTROL,
COMPLIANCE AND OTHER MATTERS

JUNE 30, 2021

DRAFT

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying schedule of expenditures of federal awards of Desert Healthcare Foundation (Foundation), for the year ended June 30, 2021, and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).g Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the Foundation for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

October 12, 2021

DRAFT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Desert Healthcare Foundation
Palm Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Desert Healthcare Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Desert Healthcare Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Desert Healthcare Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Desert Healthcare Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Desert Healthcare Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 12, 2021

DRAFT

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Desert Healthcare Foundation
Palm Springs, California

Report on Compliance for Each Major Federal Program

We have audited Desert Healthcare Foundation’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Desert Healthcare Foundation’s major federal programs for the year ended June 30, 2021. Desert Healthcare Foundation’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Desert Healthcare Foundation’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Desert Healthcare Foundation’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Desert Healthcare Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Desert Healthcare Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Desert Healthcare Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Desert Healthcare Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Desert Healthcare Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

October 12, 2021

DESERT HEALTHCARE FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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Federal Grantor/Pass-Through Agency/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Passed-through from Riverside County			
Coronavirus Relief Fund - COVID-19	21.019		\$ 600,000
Total U.S. Department of Treasury			
U.S. Department of Health and Human Services			
Passed-through from Riverside County			
Epidemiology and Laboratory Capacity for Infectious Diseases - COVID-19	93.323		<u>690,000</u>
Total U.S. Department of Health and Human Services			
Total Expenditures of Federal Awards			\$ <u>1,290,000</u>

DESERT HEALTHCARE FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

DRAFT

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Desert Healthcare Foundation under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Desert Healthcare Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Desert Healthcare Foundation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

Desert Healthcare Foundation has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

DESERT HEALTHCARE FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

DRAFT

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Desert Healthcare Foundation were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Desert Healthcare Foundation, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and Internal Control Over Compliance Required By The Uniform Guidance. No material weaknesses are reported.
5. The auditor’s report on compliance for Desert Healthcare Foundation expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that should be disclosed in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:

<u>Program Name</u>	<u>CFDA#</u>
Coronavirus Relief Fund – COVID - 19	21.019
Epidemiology and Laboratory Capacity for Infectious Diseases – COVID- 19	93.323

8. The dollar threshold used for distinguishing between Type A and B programs was \$750,000.
9. Desert Healthcare Foundation was determined not to be low-risk auditee. *(Since the Foundation has not had a single audit in the past two years they are required to be considered “not low-risk”)*

B. Findings – Financial Statements Audit

None

DESERT HEALTHCARE FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

DRAFT

C. Findings And Questioned Costs – Major Federal Award Programs Audit

There were no findings and questioned costs for the year ended June 30, 2020.*

FEDERAL COMPLIANCE

There were no prior year findings and questioned costs for the year ended June 30, 2020.*

**It is being noted that the Foundation did not have a single audit for the year ended June 30, 2020.*