



DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee
February 08, 2022

The Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:30 PM, Tuesday, February 08, 2022, via Zoom using the following link:
<https://us02web.zoom.us/j/81391063962?pwd=bGFIL3hOYSTlFvTUltODFVd3dMUT09>
Password: 085081

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: 813 9106 3962
Password: 085081

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

1. F&A Meeting Minutes – January 11, 2021 – Pg. 3-7

ACTION

V. CHIEF ADMINISTRATION OFFICER'S REPORT – Pg. 8

1. LPMP Leasing Update – Pg. 9

Information

VI. CEO REPORT

Information

VII. FINANCIAL REPORTS

ACTION

1. District and LPMP Financial Statements – Pg. 10-20
2. Accounts Receivable Aging Summary – Pg. 21
3. District - Deposits – Pg. 22
4. District - Property tax receipts – Pg. 23
5. LPMP – Deposits – Pg. 24-25
6. District – Check Register – Pg. 26-27
7. Credit Card – Detail of Expenditures – Pg. 28
8. LPMP – Check Register – Pg. 29
9. Retirement Protection Plan Update – Pg. 30
10. Grant Payment Schedule – Pg. 31

VIII. OTHER MATTERS

1. LPMP – Lease Extension Addendum #3 – Eyecare Services Partners Management LLP – Pg. 32-34 **Action**
2. Lund & Guttry, LLP, Certified Public Accountants – Disengagement Letter Effective Immediately – District, Foundation, and Retirement Protection Plan – Pg. 35-38 Information



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| 3. Consideration to approve and consent to the transition from Lund & Guttry, LLP, Certified Public Accountants to Coachella Valley Accounting and Auditing (CV A&A) – Effective February 1, 2022 – Pg. 39 | Action |
| 4. Consideration to approve and consent to the Letters of Engagement with Coachella Valley Accounting and Auditing (CV A&A) for the District, Foundation, and Retirement Protection Plan for FY2022-2023 – Pg. 40-57 | Action |

IV. 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 DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
January 11, 2022**

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

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 3:31 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda.	Moved and seconded by Director Zendle and Director De Lara agenda. Motion passed unanimously.
III. Public Comment	There was no public comment.	
IV. Approval of Minutes 1. F&A Minutes – Meeting December 07, 2022	Chair Shorr motioned to approve the December 07, 2021, minutes with the following modifications: - Areas that staff or legal “contact” each director (pg. 2) -Modify decided to “consider” (pg. 3) -Change no transactions to “unauthorized transactions” (pg. 4) -Amend from community members to grantees (pg. 8)	Moved and seconded by President De Lara and Director Zendle to approve the December 07, 2021, meeting minutes with the changes as illustrated. Motion passed unanimously.
V. Chief Administration Officer’s Report	Chris Christensen, CAO, explained that the CalPERS medical insurance plan transitioned from the PERS Choice to the PERS Platinum plan. The new 10% coinsurance benefit is 90/10 versus 80/20 with the same provider network. The out-of-pocket expense for the coinsurance payments in the old plan, such as the employee versus the family was \$3k before the	



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	<p>coinsurance was met, and 100% after, with the new plan offering \$2k for employees, and \$4k for families – a benefit to district employees. A 13.4% premium increase to the budget line item will continue to be lower than budget due to staffing vacancies and having budgeted for full family benefits. During the budgeting process, other plans will be evaluated and forwarded to the board with additional options.</p> <p>The last two years Lund & Guttry, CPA accounting firm, has performed the district’s annual audit; however, Mr. Gary Dack, Partner, who directed the district’s audit is retiring. The audit function will transition to a new organization named CV Accounting and Auditing Firm in February 2022, with Mr. Dack working with CV Accounting during his 2–3-year transition period with the same staff, and Shannon Maidment, the audit partner. Staff will provide engagement letters for the new firm at the February committee meeting for consideration of approval. It was noted that the District’s FY 21 State Controllers Report, which is due by January 31, as well as the Foundation’s Form 990, will be completed prior to January 31.</p> <p>Two vacancies currently remain at the Las Palmas Medical Plaza</p>	
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	with one unit of interest thus far in January.	
VI. Financial Reports 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District – Deposits 4. District – Property Tax Receipts 5. LPMP Deposits 6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. Retirement Protection Plan Update 10. Grant Payment Schedule	<p>Chair Shorr reviewed the financial reports with the committee. The committee inquired and discussed the Profit & Loss Budget vs. Actual line item 5112 with the vacation over budget by \$7k due to less vacation related to remote work and the last week of the year treated as holidays, similar to line item 5160 – education expense related to educational conferences and continuing education. Line item 5115 – Nutrition Education and Obesity Prevention Branch (NEOPB) is under budget due to the program cancellation, and item 5119 DHCF is over budget due to the allocation for Foundation programs, including the CV Equity Collaborative.</p> <p>Chair Shorr noted that the highlighted section on the grants payment schedule is related to the \$1.8M forwarded from the prior year and reduced by \$330k for current year awards as illustrated in the current year column.</p>	<p>Moved and seconded by Director Zendle and Director De Lara to approve the November and December 2021 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.</p>
VII. Other Matters 1. Simpson, Gumpertz, & Heger (SGH), Inc. engagement of the seismic non-structural engineering evaluation report	<p>Chris Christensen, CAO, described the discussions with Kaufman Hall and the joint meeting with Simpson, Gumpertz, & Heger (SGH) to obtain an update on the</p>	



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	<p>nonstructural requirements since the last seismic estimate in 2019, highlighting the separate work from the seismic structural competent. The nonstructural evaluation is related to securing plumbing or items for fire prevention, flooding during an earthquake, which is essential for all the buildings. The timeline for January 2024 requires a nonstructural engineering report, further informing the committee that staff will provide an engagement or proposal for approval of the work with additional discussions with Kaufman Hall and the ad hoc committee. Additionally, the completion of the construction documentation is due by January 2026 with completion of the building permits by January 2028.</p> <p>In the last assessment, the fee for the nonstructural assessment is \$3M, requesting that the engineering firm issue a proposal for the work and update the assessment for any changes to the work, such as building codes with a timeframe for completion up to 18 months affecting permits and other documents.</p> <p>Chair Shorr inquired about the RFP to assist with the strategic direction associated with a timeline of remediation with the committee further</p>	
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MEETING MINUTES
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	discussing a review of the 2019 scope of work by SGH, which includes structural and nonstructural terms, the timeline, and legislation with a possible study session of the board of directors.	
VIII. Adjournment	Director Shorr adjourned the meeting at 4:22 p.m.	Audio recording available on the website at http://dhcd.org/Agendas-and-Documents

ATTEST: _____
Arthur Shorr, Treasurer/Chair, Board of Director
Finance & Administration Committee Member
Desert Healthcare District Board of Directors

Minutes respectfully submitted by Andrea S. Hayles, Clerk of



Chief Administration Officer's Report

February 08, 2022

District staff was informed recently Mr. Gary Dack of the CPA firm Lund & Guttry will be transitioning into retirement. Lund & Guttry is the District's audit firm. Additionally, the audit and review practice of Lund & Guttry has transitioned to Coachella Valley Accounting and Auditing effective February 1, 2022. Mr. Dack will continue with CV Accounting and Auditing for a period of time.

Las Palmas Medical Plaza - Property Management:

Occupancy:

See attached unit rental status report.

97.4% currently occupied –

Total annual rent including CAM fees is **\$1,377,169**.

Leasing Activity:

A lease with Arthritis & Rheumatic Care Clinic was approved at the January 2022 Board meeting for Suite 1E 204. The term is one year and one month and includes a one 1-year extension option.

Only one suite remains vacant. We are actively seeking 100% occupancy.

Las Palmas Medical Plaza													
Unit Rental Status													
As of February 1, 2022													
Unit	Tenant Name	Deposit	Lease Dates		Term	Unit	Percent	Monthly	Annual	Rent Per	Monthly	Total Monthly	Total Annual
			From	To		Sq Feet	of Total	Rent	Rent	Sq Foot	CAM	Rent Inclg CAM	Rent Inclg CAM
											\$ 0.69		
1W, 204	Vacant					1,280	2.59%						
Total - Vacancies						1,280	2.59%						
Total Suites - 31 - 29 Suites Occupied		\$ 61,027.74				49,356	97.4%	\$ 81,732.37	\$ 980,788.44	\$ 1.70	\$ 33,031.68	\$ 114,764.05	\$ 1,377,168.60
			Summary - All Units										
			Occupied	48,076	97.4%								
			Vacant	1,280	2.6%								
			Pending	0	0%								
			Total	49,356	100%								

DESERT HEALTHCARE DISTRICT
JANUARY 2022 FINANCIAL STATEMENTS
INDEX
Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
Cumulative Profit & Loss Budget vs Actual - District Including LPMP
Cumulative Profit & Loss Budget vs Actual - LPMP
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Deposit Detail - District
Property Tax Receipts - YTD
Deposit Detail - LPMP
Check Register - District
Credit Card Expenditures
Check Register - LPMP
Retirement Protection Plan Update
Grants Schedule

DESERT HEALTHCARE DISTRICT				
YEAR TO DATE VARIANCE ANALYSIS				
ACTUAL VS BUDGET				
SEVEN MONTHS ENDED JANUARY 31, 2022				
Scope: \$25,000 Variance per Statement of Operations Summary				
	YTD		Over(Under)	
Account	Actual	Budget	Budget	Explanation
4000 - Income	\$ 3,900,754	\$ 3,848,187	\$ 52,567	Higher property tax revenues \$532k; lower interest income and market fluctuations (net) from FRF investments \$468k; lower grant income \$11k
5000 - Direct Expenses	\$ 602,645	\$ 866,839	\$ (264,194)	Lower wage related expenses \$155k due to open positions; lower education expense \$47k; lower board expenses \$33k; lower health insurance expense \$18k; lower workers comp expense \$6k; lower retirement expense \$5k
6000-General & Admin Expense	\$ 275,084	\$ 335,034	\$ (59,950)	Lower depreciation expense \$36k; higher bank and investment fees expense \$24k; lower supplies expense \$9k; lower computer services expense \$8k; lower travel expense \$7k; lower personnel expense \$7k; lower dues and membership expense \$6k; lower staff mileage reimbursement expense \$4k; lower various \$7k
6500 - Professional Fees Expense	\$ 352,997	\$ 727,300	\$ (374,303)	Lower Professional Services expense \$248k; lower legal expense \$79k; lower PR/Communications expense \$47k
7000 - Grants Expense	\$ 15,280	\$ 2,368,331	\$ (2,353,051)	Budget of \$4 Million for fiscal year is amortized straight-line over 12-month fiscal year. As of January 31, 2022, there is \$4 million remaining in the fiscal year grant budget as well as \$1,333,209 from FY21.

Desert Healthcare District
Profit & Loss Budget vs. Actual
July 2021 through January 2022

	MONTH			TOTAL		
	Jan 22	Budget	\$ Over Budget	Jul '21 - Jan 22	Budget	\$ Over Budget
Income						
4000 • Income	2,477,714	2,341,462	136,252	3,900,754	3,848,187	52,567
4500 • LPMP Income	106,359	106,370	(11)	738,944	744,590	(5,646)
4501 • Miscellaneous Income	750	750	0	5,250	5,250	0
Total Income	2,584,823	2,448,582	136,241	4,644,948	4,598,027	46,921
Expense						
5000 • Direct Expenses	101,657	118,477	(16,820)	602,645	866,839	(264,194)
6000 • General & Administrative Exp	36,321	47,862	(11,541)	275,084	335,034	(59,950)
6325 • CEO Discretionary Fund	2,000	2,083	(83)	2,000	14,581	(12,581)
6445 • LPMP Expenses	75,005	85,772	(10,767)	576,283	600,404	(24,121)
6500 • Professional Fees Expense	12,347	103,900	(91,553)	352,997	727,300	(374,303)
6600 • Mobile Medical Unit	0	3,125	(3,125)	0	21,875	(21,875)
6700 • Trust Expenses	7,958	8,792	(834)	71,300	61,544	9,756
Total Expense Before Grants	235,288	370,011	(134,723)	1,880,305	2,627,589	(747,284)
7000 • Grants Expense	7,185	338,333	(331,148)	15,280	2,368,331	(2,353,051)
Net Income	2,342,350	1,740,238	602,112	2,749,363	(397,893)	3,147,256

Desert Healthcare District
Profit & Loss Budget vs. Actual
July 2021 through January 2022

				MONTH			TOTAL		
				Jan 22	Budget	\$ Over Budget	Jul '21 - Jan 22	Budget	\$ Over Budget
Income									
4000 - Income									
	4010 - Property Tax Revenues			2,763,324	2,332,847	430,477	4,319,826	3,788,134	531,692
4200 - Interest Income									
	4220 - Interest Income (FRF)			78,475	80,907	(2,432)	527,391	566,349	(38,958)
	9999-1 - Unrealized gain(loss) on invest			(371,270)	(79,167)	(292,103)	(983,653)	(554,169)	(429,484)
	Total 4200 - Interest Income			(292,795)	1,740	(294,535)	(456,262)	12,180	(468,442)
	4300 - DHC Recoveries			0	1,875	(1,875)	13,636	12,873	763
	4400 - Grant Income			7,185	5,000	2,185	23,554	35,000	(11,446)
	Total 4000 - Income			2,477,714	2,341,462	136,252	3,900,754	3,848,187	52,567
	4500 - LPMP Income			106,359	106,370	(11)	738,944	744,590	(5,646)
	4501 - Miscellaneous Income			750	750	0	5,250	5,250	0
Total Income				2,584,823	2,448,582	136,241	4,644,948	4,598,027	46,921
Expense									
5000 - Direct Expenses									
5100 - Administration Expense									
	5110 - Wages Expense			49,335	113,108	(63,773)	595,647	829,256	(233,609)
	5111 - Allocation to LPMP - Payroll			(5,470)	(5,470)	0	(38,290)	(38,290)	0
	5112 - Vacation/Sick/Holiday Expense			41,270	10,833	30,437	113,839	75,831	38,008
	5114 - Allocation to Foundation			(26,577)	(31,823)	5,246	(186,039)	(222,761)	36,722
	5115 - Allocation to NEOPB			(7,068)	(7,413)	345	(22,218)	(51,891)	29,673
	5119 - Allocation to RSS/CVHIP-DHCF			(17,334)	(21,134)	3,800	(159,195)	(147,938)	(11,257)
	5120 - Payroll Tax Expense			10,186	9,252	934	49,917	64,764	(14,847)
5130 - Health Insurance Expense									
	5131 - Premiums Expense			29,220	17,658	11,562	117,613	123,606	(5,993)
	5135 - Reimb./Co-Payments Expense			2,463	3,000	(537)	8,401	21,000	(12,599)
	Total 5130 - Health Insurance Expense			31,683	20,658	11,025	126,014	144,606	(18,592)
	5140 - Workers Comp. Expense			385	1,270	(885)	3,050	8,890	(5,840)
	5145 - Retirement Plan Expense			8,535	8,994	(459)	58,372	62,958	(4,586)
	5160 - Education Expense			0	7,250	(7,250)	3,594	50,750	(47,156)
	Total 5100 - Administration Expense			84,945	105,525	(20,580)	544,691	776,175	(231,484)
5200 - Board Expenses									
	5210 - Healthcare Benefits Expense			15,072	5,834	9,238	32,851	40,838	(7,987)
	5230 - Meeting Expense			0	1,667	(1,667)	6,786	11,669	(4,883)
	5235 - Director Stipend Expense			1,365	4,410	(3,045)	14,805	30,870	(16,065)
	5240 - Catering Expense			275	833	(558)	3,512	5,831	(2,319)
	5250 - Mileage Reimbursement Expense			0	208	(208)	0	1,456	(1,456)
	Total 5200 - Board Expenses			16,712	12,952	3,760	57,954	90,664	(32,710)
Total 5000 - Direct Expenses				101,657	118,477	(16,820)	602,645	866,839	(264,194)

Desert Healthcare District
Profit & Loss Budget vs. Actual
July 2021 through January 2022

		MONTH			TOTAL		
		Jan 22	Budget	\$ Over Budget	Jul '21 - Jan 22	Budget	\$ Over Budget
	6000 • General & Administrative Exp						
	6110 • Payroll fees Expense	177	208	(31)	1,216	1,456	(240)
	6120 • Bank and Investment Fees Exp	5,465	4,500	965	55,743	31,500	24,243
	6125 • Depreciation Expense	1,011	6,167	(5,156)	7,077	43,169	(36,092)
	6126 • Depreciation-Solar Parking lot	15,072	15,072	0	105,504	105,504	0
	6130 • Dues and Membership Expense	3,197	3,737	(540)	20,306	26,159	(5,853)
	6200 • Insurance Expense	2,905	2,667	238	20,285	18,669	1,616
	6300 • Minor Equipment Expense	0	42	(42)	0	294	(294)
	6305 • Auto Allowance & Mileage Exp	462	500	(38)	3,464	3,500	(36)
	6306 • Staff- Auto Mileage reimb	0	625	(625)	247	4,375	(4,128)
	6309 • Personnel Expense	216	1,167	(951)	1,524	8,169	(6,645)
	6310 • Miscellaneous Expense	0	42	(42)	0	294	(294)
	6311 • Cell Phone Expense	666	776	(110)	3,929	5,432	(1,503)
	6312 • Wellness Park Expenses	0	83	(83)	0	581	(581)
	6315 • Security Monitoring Expense	108	50	58	357	350	7
	6340 • Postage Expense	228	417	(189)	1,164	2,919	(1,755)
	6350 • Copier Rental/Fees Expense	377	500	(123)	2,775	3,500	(725)
	6351 • Travel Expense	0	1,667	(1,667)	4,307	11,669	(7,362)
	6352 • Meals & Entertainment Exp	130	875	(745)	4,661	6,125	(1,464)
	6355 • Computer Services Expense	2,374	3,875	(1,501)	19,578	27,125	(7,547)
	6360 • Supplies Expense	1,591	2,167	(576)	5,941	15,169	(9,228)
	6380 • LAFCO Assessment Expense	182	208	(26)	1,274	1,456	(182)
	6400 • East Valley Office	2,160	2,517	(357)	15,732	17,619	(1,887)
	Total 6000 • General & Administrative Exp	36,321	47,862	(11,541)	275,084	335,034	(59,950)
	6325 • CEO Discretionary Fund	2,000	2,083	(83)	2,000	14,581	(12,581)
	6445 • LPMP Expenses	75,005	85,772	(10,767)	576,283	600,404	(24,121)
	6500 • Professional Fees Expense						
	6516 • Professional Services Expense	3,225	77,483	(74,258)	294,047	542,381	(248,334)
	6520 • Annual Audit Fee Expense	1,375	1,375	0	9,625	9,625	0
	6530 • PR/Communications/Website	1,964	8,042	(6,078)	9,061	56,294	(47,233)
	6560 • Legal Expense	5,783	17,000	(11,217)	40,264	119,000	(78,736)
	Total 6500 • Professional Fees Expense	12,347	103,900	(91,553)	352,997	727,300	(374,303)
	6600 • Mobile Medical Unit	0	3,125	(3,125)	0	21,875	(21,875)
	6700 • Trust Expenses						
	6720 • Pension Plans Expense						
	6721 • Legal Expense	0	167	(167)	2,075	1,169	906
	6725 • RPP Pension Expense	7,500	7,500	0	52,500	52,500	0
	6728 • Pension Audit Fee Expense	458	1,125	(667)	16,725	7,875	8,850
	Total 6700 • Trust Expenses	7,958	8,792	(834)	71,300	61,544	9,756
	Total Expense Before Grants	235,288	370,011	(134,723)	1,880,305	2,627,589	(747,284)
	7000 • Grants Expense						
	7010 • Major Grant Awards Expense	0	333,333	(333,333)	(8,274)	2,333,331	(2,341,605)
	7027 • Grant Exp - CalFresh	7,185	5,000	2,185	23,554	35,000	(11,446)
	Total 7000 • Grants Expense	7,185	338,333	(331,148)	15,280	2,368,331	(2,353,051)
	Net Income	2,342,350	1,740,238	602,112	2,749,363	(397,893)	3,147,256

Las Palmas Medical Plaza
Profit & Loss Budget vs. Actual
July 2021 through January 2022

		MONTH			TOTAL		
		Jan 22	Budget	\$ Over Budget	Jul '21 - Jan 22	Budget	\$ Over Budget
Income							
	4500 · LPMP Income						
	4505 · Rental Income	75,784	75,162	622	523,819	526,134	(2,315)
	4510 · CAM Income	30,575	31,125	(550)	215,125	217,875	(2,750)
	4513 · Misc. Income	0	83	(83)	0	581	(581)
	Total 4500 · LPMP Income	106,359	106,370	(11)	738,944	744,590	(5,646)
Expense							
	6445 · LPMP Expenses						
	6420 · Insurance Expense	3,114	2,917	197	21,798	20,419	1,379
	6425 · Building - Depreciation Expense	19,986	21,462	(1,476)	143,172	150,234	(7,062)
	6426 · Tenant Improvements -Dep Exp	17,033	16,667	366	119,231	116,669	2,562
	6427 · HVAC Maintenance Expense	2,465	1,333	1,132	6,684	9,331	(2,647)
	6428 · Roof Repairs Expense	0	208	(208)	0	1,456	(1,456)
	6431 · Building -Interior Expense	0	833	(833)	0	5,831	(5,831)
	6432 · Plumbing -Interior Expense	6,235	542	5,693	20,921	3,794	17,127
	6433 · Plumbing -Exterior Expense	0	208	(208)	0	1,456	(1,456)
	6434 · Allocation Internal Prop. Mgmt	5,470	5,470	0	38,290	38,290	0
	6435 · Bank Charges	25	417	(392)	192	2,919	(2,727)
	6437 · Utilities -Vacant Units Expense	80	183	(103)	4,187	1,281	2,906
	6439 · Deferred Maintenance Repairs Ex	0	1,250	(1,250)	0	8,750	(8,750)
	6440 · Professional Fees Expense	0	10,825	(10,825)	64,950	75,775	(10,825)
	6441 · Legal Expense	0	83	(83)	0	581	(581)
	6458 · Elevators - R & M Expense	232	1,000	(768)	5,930	7,000	(1,070)
	6460 · Exterminating Service Expense	750	333	417	1,625	2,331	(706)
	6463 · Landscaping Expense	0	1,000	(1,000)	7,294	7,000	294
	6467 · Lighting Expense	0	500	(500)	0	3,500	(3,500)
	6468 · General Maintenance Expense	0	83	(83)	0	581	(581)
	6471 · Marketing-Advertising	0	1,000	(1,000)	7,395	7,000	395
	6475 · Property Taxes Expense	6,250	6,250	0	43,750	43,750	0
	6476 · Signage Expense	0	125	(125)	216	875	(659)
	6480 · Rubbish Removal Medical Waste E	1,296	1,583	(287)	10,799	11,081	(282)
	6481 · Rubbish Removal Expense	2,283	2,250	33	13,698	15,750	(2,052)
	6482 · Utilities/Electricity/Exterior	587	625	(38)	4,271	4,375	(104)
	6484 · Utilities - Water (Exterior)	998	625	373	6,540	4,375	2,165
	6485 · Security Expenses	8,201	7,833	368	54,874	54,831	43
	6490 · Miscellaneous Expense	0	167	(167)	466	1,169	(703)
	6445 · LPMP Expenses	75,005	85,772	(10,767)	576,283	600,404	(24,121)
Net Income		31,354	20,598	10,756	162,661	144,186	18,475

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of January 31, 2022

				Jan 31, 22	Jan 31, 21
ASSETS					
	Current Assets				
	Checking/Savings				
		1000 · CHECKING CASH ACCOUNTS		4,432,317	1,340,545
		1100 · INVESTMENT ACCOUNTS		61,131,329	62,612,936
		Total Checking/Savings		65,563,646	63,953,481
		Total Accounts Receivable		188,918	(578)
	Other Current Assets				
		1204.1 · Rent Receivable-Deferred COVID		121,532	181,444
		1270 · Prepaid Insurance -Ongoing		33,470	28,438
		1279 · Pre-Paid Fees		20,006	20,261
		1281 · CalFresh Receivable		15,424	9,214
		1295 · Property Tax Receivable		0	9,138
		Total Other Current Assets		190,432	248,495
		Total Current Assets		65,942,996	64,201,398
	Fixed Assets				
		1300 · FIXED ASSETS		4,925,729	4,913,164
		1335-00 · ACC DEPR		(2,278,908)	(2,148,087)
		1400 · LPMP Assets		7,220,241	6,699,101
		Total Fixed Assets		9,867,062	9,464,178
	Other Assets				
		1700 · OTHER ASSETS		3,942,720	2,909,152
	TOTAL ASSETS			79,752,778	76,574,728

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of January 31, 2022

				Jan 31, 22	Jan 31, 21
LIABILITIES & EQUITY					
	Liabilities				
	Current Liabilities				
	Accounts Payable				
	2000 - Accounts Payable			21,312	21,063
	2001 - LPMP Accounts Payable			65,836	4,181
	Total Accounts Payable			87,148	25,244
	Other Current Liabilities				
	2002 - LPMP Property Taxes			6,366	6,025
	2003 - Prepaid Rents			9,121	0
	2131 - Grant Awards Payable			3,525,306	2,370,273
	2133 - Accrued Accounts Payable			139,550	212,469
	2141 - Accrued Vacation Time			75,442	73,689
	2145 - Payroll Liability			(364)	0
	2188 - Current Portion - LTD			6,168	6,168
	2190 - Investment Fees Payable			4,625	4,130
	Total Other Current Liabilities			3,766,214	2,672,754
	Total Current Liabilities			3,853,362	2,697,998
	Long Term Liabilities				
	2170 - RPP - Pension Liability			0	4,656,754
	2171 - RPP-Deferred Inflows-Resources			675,732	370,700
	2280 - Long-Term Disability			16,281	28,809
	2281 - Grants Payable - Long-term			4,990,000	6,660,000
	2286 - Retirement BOD Medical Liabilit			0	61,113
	2290 - LPMP Security Deposits			59,101	57,514
	Total Long Term Liabilities			5,741,114	11,834,890
	Total Liabilities			9,594,476	14,532,888
	Equity				
	3900 - *Retained Earnings			67,408,928	59,913,158
	Net Income			2,749,363	2,128,681
	Total Equity			70,158,291	62,041,839
	TOTAL LIABILITIES & EQUITY			79,752,778	76,574,728

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of January 31, 2022

				Jan 31, 22	Jan 31, 21
ASSETS					
	Current Assets				
	Checking/Savings				
	1000 · CHECKING CASH ACCOUNTS				
		1010 · Union Bank - Checking		3,844,573	1,170,804
		1012 · Union Bank Operating - 9356		250,000	0
		1046 · Las Palmas Medical Plaza		337,244	169,241
		1047 · Petty Cash		500	500
		Total 1000 · CHECKING CASH ACCOUNTS		4,432,317	1,340,545
	1100 · INVESTMENT ACCOUNTS				
		1130 · Facility Replacement Fund		61,375,623	60,550,524
		1135 · Unrealized Gain(Loss) FRF		(244,294)	2,062,412
		Total 1100 · INVESTMENT ACCOUNTS		61,131,329	62,612,936
		Total Checking/Savings		65,563,646	63,953,481
	Accounts Receivable				
		1201 · Accounts Receivable			
		1204 · LPMP Accounts Receivable		(17,084)	(8,265)
		1205 · Misc. Accounts Receivable		(222)	7,478
		1211 · A-R Foundation - Exp Allocation		206,224	209
		Total Accounts Receivable		188,918	(578)
	Other Current Assets				
		1204.1 · Rent Receivable-Deferred COVID		121,532	181,444
		1270 · Prepaid Insurance -Ongoing		33,470	28,438
		1279 · Pre-Paid Fees		20,006	20,261
		1281 · CalFresh Receivable		15,424	9,214
		1295 · Property Tax Receivable		0	9,138
		Total Other Current Assets		190,432	248,495
		Total Current Assets		65,942,996	64,201,398
	Fixed Assets				
	1300 · FIXED ASSETS				
		1310 · Computer Equipment		91,275	94,034
		1315 · Computer Software		0	68,770
		1320 · Furniture and Fixtures		33,254	33,254
		1321 · Autos		59,500	0
		1322 · Tenant Improvement - RAP #G100		24,594	0
		1325 · Offsite Improvements		300,849	300,849
		1331 · DRMC - Parking lot		4,416,257	4,416,257

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of January 31, 2022

		Jan 31, 22	Jan 31, 21
	Total 1300 • FIXED ASSETS	4,925,729	4,913,164
	1335-00 • ACC DEPR		
	1335 • Accumulated Depreciation	(214,341)	(218,164)
	1336 • Acc. Software Depreciation	0	(68,770)
	1337 • Accum Deprec- Solar Parking Lot	(1,884,171)	(1,703,307)
	1338 • Accum Deprec - LPMP Parking Lot	(180,396)	(157,846)
	Total 1335-00 • ACC DEPR	(2,278,908)	(2,148,087)
	1400 • LPMP Assets		
	1401 • Building	8,705,680	8,705,680
	1402 • Land	2,165,300	2,165,300
	1403 • Tenant Improvements -New	2,250,926	2,187,796
	1404 • Tenant Improvements - CIP	129,550	129,550
	1406 • Building Improvements		
	1406.1 • LPMP-Replace Parking Lot	676,484	676,484
	1406.2 • Building Improvements-CIP	877,933	72,704
	1406 • Building Improvements - Other	1,582,543	1,559,534
	Total 1406 • Building Improvements	3,136,960	2,308,722
	1407 • Building Equipment Improvements	423,000	375,185
	1409 • Accumulated Depreciation		
	1410 • Accum. Depreciation	(7,773,940)	(7,546,445)
	1412 • T I Accumulated Dep.-New	(1,817,235)	(1,626,687)
	Total 1409 • Accumulated Depreciation	(9,591,175)	(9,173,132)
	Total 1400 • LPMP Assets	7,220,241	6,699,101
	Total Fixed Assets	9,867,062	9,464,178
	Other Assets		
	1700 • OTHER ASSETS		
	1731 • Wellness Park	1,693,800	1,693,800
	1740 • RPP-Deferred Outflows-Resources	494,388	1,204,238
	1741 • OPEB-Deferred Outflows-Resourc	0	11,114
	1742 • RPP - Net Pension Asset	1,754,532	0
	Total Other Assets	3,942,720	2,909,152
	TOTAL ASSETS	79,752,778	76,574,728

Desert Healthcare District
Balance Sheet Previous Year Comparison
As of January 31, 2022

				Jan 31, 22	Jan 31, 21
LIABILITIES & EQUITY					
	Liabilities				
	Current Liabilities				
	Accounts Payable				
	2000 - Accounts Payable			21,312	21,063
	2001 - LPMP Accounts Payable			65,836	4,181
	Total Accounts Payable			87,148	25,244
	Other Current Liabilities				
	2002 - LPMP Property Taxes			6,366	6,025
	2003 - Prepaid Rents			9,121	0
	2131 - Grant Awards Payable			3,525,306	2,370,273
	2133 - Accrued Accounts Payable			139,550	212,469
	2141 - Accrued Vacation Time			75,442	73,689
	2145 - Payroll Liability			(364)	0
	2188 - Current Portion - LTD			6,168	6,168
	2190 - Investment Fees Payable			4,625	4,130
	Total Other Current Liabilities			3,766,214	2,672,754
	Total Current Liabilities			3,853,362	2,697,998
	Long Term Liabilities				
	2170 - RPP - Pension Liability			0	4,656,754
	2171 - RPP-Deferred Inflows-Resources			675,732	370,700
	2280 - Long-Term Disability			16,281	28,809
	2281 - Grants Payable - Long-term			4,990,000	6,660,000
	2286 - Retirement BOD Medical Liabilit			0	61,113
	2290 - LPMP Security Deposits			59,101	57,514
	Total Long Term Liabilities			5,741,114	11,834,890
	Total Liabilities			9,594,476	14,532,888
	Equity				
	3900 - *Retained Earnings			67,408,928	59,913,158
	Net Income			2,749,363	2,128,681
	Total Equity			70,158,291	62,041,839
	TOTAL LIABILITIES & EQUITY			79,752,778	76,574,728

Desert Healthcare District
A/R Aging Summary
As of January 31, 2022

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	COMMENT
Calif. State University, San Bernardino-	0	0	528	0	0	528	
Desert Healthcare Foundation-	43,932	0	43,932	45,304	73,057	206,225	Due from Foundation
Laboratory Corporation of America	0	(5,013)	(2,021)	0	0	(7,034)	Prepaid
Quest Diagnostics Incorporated	0	(4,067)	(357)	0	0	(4,424)	Prepaid
Sovereign	(750)	0	0	0	0	(750)	Prepaid
Steven Gundry, M.D.	0	(5,625)	0	0	0	(5,625)	Prepaid
TOTAL	43,182	(14,705)	42,082	45,304	73,057	188,920	

Desert Healthcare District
Deposit Detail
January 2022

Type	Date	Name	Amount
Deposit	01/03/2022		1,670,060
		Riverside County Treasurer - Property Tax	(1,670,060)
TOTAL			(1,670,060)
Deposit	01/05/2022		4,713
		Riverside County Treasurer - CalFresh	(3,675)
		Principal Financial Group	(287)
Payment	01/05/2022	Sovereign	(750)
TOTAL			(4,712)
Deposit	01/18/2022		750
Payment	01/18/2022	Sovereign	(750)
TOTAL			(750)
Deposit	01/19/2022		13,969
		Riverside County Treasurer - Property Tax	(13,969)
TOTAL			(13,969)
Deposit	01/28/2022		1,079,295
		Riverside County Treasurer - Property Tax	(1,079,295)
TOTAL			(1,079,295)
Deposit	01/31/2022		1,500
Payment	01/31/2022	Sovereign	(1,500)
TOTAL			(1,500)
		TOTAL	2,770,287

DESERT HEALTHCARE DISTRICT										
PROPERTY TAX RECEIPTS FY 2021 - 2022										
RECEIPTS - SEVEN MONTHS ENDED JANUARY 31, 2022										
	FY 2020-2021 Projected/Actual						FY 2021-2022 Projected/Actual			
	Budget %	Budget \$	Act %	Actual Receipts	Variance		Receipts %	Receipts \$	Act %	Actual Receipts
										Variance
July	2.5%	\$ 154,934	0.0%	\$ -	\$ (154,934)		2.5%	\$ 182,825	2.2%	\$ 162,345
Aug	1.6%	\$ 99,158	1.9%	\$ 149,547	\$ 50,390		1.6%	\$ 117,008	0.2%	\$ 11,529
Sep	2.6%	\$ 161,131	0.0%	\$ -	\$ (161,131)		0.0%	\$ -	0.0%	\$ -
Oct	0.0%	\$ -	2.1%	\$ 162,968	\$ 162,968		2.6%	\$ 190,138	0.0%	\$ 130
Nov	0.4%	\$ 24,789	0.0%	\$ -	\$ (24,789)		0.4%	\$ 29,252	2.5%	\$ 181,286
Dec	16.9%	\$ 1,047,354	16.4%	\$ 1,279,429	\$ 232,075		16.9%	\$ 1,235,897	18.3%	\$ 1,337,681
Jan	31.9%	\$ 1,976,959	33.4%	\$ 2,596,795	\$ 619,836		31.9%	\$ 2,332,847	37.8%	\$ 2,763,324
Feb	0.0%	\$ -	1.2%	\$ 94,294	\$ 94,294		0.0%	\$ -	0.0%	
Mar	0.3%	\$ 18,592	0.2%	\$ 18,789	\$ 196		0.3%	\$ 21,939	0.0%	
Apr	5.5%	\$ 340,855	5.4%	\$ 422,690	\$ 81,835		5.5%	\$ 402,215	0.0%	
May	19.9%	\$ 1,233,275	18.1%	\$ 1,411,155	\$ 177,880		19.9%	\$ 1,455,287	0.0%	
June	18.4%	\$ 1,140,315	21.2%	\$ 1,647,263	\$ 506,948		18.4%	\$ 1,345,592	0.0%	
Total	100%	\$ 6,197,363	100.0%	\$ 7,782,929	\$ 1,585,566		100.00%	\$ 7,313,000	60.9%	\$ 4,456,295
										\$ 368,328

Las Palmas Medical Plaza
Deposit Detail - LPMP
January 2022

Type	Date	Name	Amount
Deposit	01/05/2022		10,181
Payment	01/05/2022	Hassan Bencheqroun, M.D.	(2,771)
Payment	01/05/2022	EyeCare Services Partners Management LLC	(7,410)
TOTAL			(10,181)
Deposit	01/05/2022		3,338
Payment	01/05/2022	Peter Jamieson, M.D.	(3,338)
TOTAL			(3,338)
Deposit	01/10/2022		14,645
Payment	01/07/2022	Cure Cardiovascular Consultants	(3,205)
Payment	01/07/2022	Aijaz Hashmi, M.D., Inc.	(3,037)
Payment	01/07/2022	Brad A. Wolfson, M.D.	(3,701)
Payment	01/07/2022	Cohen Musch Thomas Medical Group	(4,703)
TOTAL			(14,646)
Deposit	01/10/2022		3,835
Payment	01/10/2022	Desert Family Medical Center	(3,835)
TOTAL			(3,835)
Deposit	01/14/2022		13,328
Payment	01/14/2022	Derakhsh Fozouni, M.D.	(6,277)
Payment	01/14/2022	Palmtree Clinical Research	(7,051)
TOTAL			(13,328)

Las Palmas Medical Plaza
Deposit Detail - LPMP
January 2022

Type	Date	Name	Amount
Deposit	01/18/2022		51,584
Payment	01/18/2022	Ramy Awad, M.D.	(3,423)
Payment	01/18/2022	Pathway Pharmaceuticals, Inc.	(2,420)
Payment	01/18/2022	Desert Regional Medical Center	(5,690)
Payment	01/18/2022	Tenet HealthSystem Desert, Inc	(6,369)
Payment	01/18/2022	Tenet HealthSystem Desert, Inc.	(33,683)
TOTAL			(51,585)
Deposit	01/25/2022		10,639
Payment	01/25/2022	Steven Gundry, M.D.	(5,625)
Payment	01/25/2022	Laboratory Corporation of America	(5,013)
TOTAL			(10,638)
Deposit	01/27/2022		4,067
Payment	01/27/2022	Quest Diagnostics Incorporated	(4,067)
TOTAL			(4,067)
Deposit	01/31/2022		51
Payment	01/31/2022	Pathway Pharmaceuticals, Inc.	(51)
TOTAL			(51)
		TOTAL	111,668

Desert Healthcare District
Check Register
As of January 31, 2022

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1010 - Union Bank - Checking				
Bill Pmt -Check	01/05/2022	16747	Arthur Shorr - Stipend	(210)
Bill Pmt -Check	01/05/2022	16748	Boyd & Associates	(108)
Bill Pmt -Check	01/05/2022	16749	Eric Taylor - Expense Reimbursement	(26)
Bill Pmt -Check	01/05/2022	16750	Frazier Pest Control, Inc.	(60)
Bill Pmt -Check	01/05/2022	16751	Image Source	(131)
Bill Pmt -Check	01/05/2022	16752	Leticia De Lara - Stipend	(420)
Bill Pmt -Check	01/05/2022	16753	Maggie Martinez	(1,800)
Bill Pmt -Check	01/05/2022	16754	Palm Springs Alarm	(33)
Bill Pmt -Check	01/05/2022	16755	Ready Refresh	(50)
Bill Pmt -Check	01/05/2022	16756	Shred-It	(105)
Bill Pmt -Check	01/05/2022	16757	So.Cal Computer Shop	(810)
Bill Pmt -Check	01/05/2022	16758	Trakstar	(4,999)
Bill Pmt -Check	01/05/2022	16759	Zendle, Les - Stipend	(315)
Bill Pmt -Check	01/05/2022	16760	Verizon Wireless	(662)
Bill Pmt -Check	01/05/2022	16761	First Bankcard (Union Bank)	(3,934)
Bill Pmt -Check	01/05/2022	16762	First Bankcard (Union Bank)	(702)
Bill Pmt -Check	01/05/2022	16763	Lund & Guttry LLP	(500)
Liability Check	01/07/2022		QuickBooks Payroll Service	(49,031)
Check	01/07/2022	Auto Pay	Calif. Public Employees'Retirement System	(14,022)
Bill Pmt -Check	01/11/2022	16764	Arthur Shorr - Stipend	(420)
Bill Pmt -Check	01/11/2022	16765	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	01/11/2022	16766	Pitney Bowes Global Financial Services	(228)
Bill Pmt -Check	01/11/2022	16767	Rogers, Carole - Stipend & Medical Premium Reimbursement	(10,315)
Bill Pmt -Check	01/11/2022	16768	Staples Credit Plan	(94)
Bill Pmt -Check	01/11/2022	16769	State Compensation Insurance Fund	(385)
Bill Pmt -Check	01/11/2022	16770	Will Dean - Expense Reimbursement	(66)
Bill Pmt -Check	01/11/2022	16771	Xerox Financial Services	(377)
Bill Pmt -Check	01/13/2022	16772	AgostinoCreative	(998)
Bill Pmt -Check	01/13/2022	16773	INPRO-EMS Construction	(4,000)
Bill Pmt -Check	01/13/2022	16774	Martha's Village & Kitchen - Grant Payment	(94,907)
Bill Pmt -Check	01/13/2022	16775	SDRMA	(50)
Bill Pmt -Check	01/13/2022	16776	Vanessa Smith - Expense Reimbursement	(117)
Bill Pmt -Check	01/14/2022	ACH 011422	Law Offices of Scott & Jackson	(5,783)
Bill Pmt -Check	01/18/2022	16777	Rauch Communication Consultants	(2,695)
Bill Pmt -Check	01/18/2022	16778	So.Cal Computer Shop	(1,087)
Bill Pmt -Check	01/18/2022	16779	Time Warner Cable	(250)
Bill Pmt -Check	01/18/2022	16780	Principal Life Insurance Co.	(1,969)

Desert Healthcare District
Check Register
As of January 31, 2022

Type	Date	Num	Name	Amount
Bill Pmt -Check	01/19/2022	16781	Desert AIDS Project - Grant Payment	(45,000)
Bill Pmt -Check	01/19/2022	16782	Desert Cancer Foundation - Grant Payment	(67,500)
Bill Pmt -Check	01/19/2022	16783	So.Cal Computer Shop	(9,700)
Bill Pmt -Check	01/19/2022	16784	CoPower Employers' Benefits Alliance	(1,537)
Liability Check	01/21/2022		QuickBooks Payroll Service	(49,913)
Bill Pmt -Check	01/25/2022	16785	California Chamber of Commerce	(169)
Bill Pmt -Check	01/25/2022	16786	Ready Refresh	(50)
Bill Pmt -Check	01/25/2022	16787	Regional Access Project Foundation	(2,160)
Bill Pmt -Check	01/25/2022	16788	The Root Cause Coalition	(1,500)
Bill Pmt -Check	01/25/2022	16789	Voices for Children - Grant Payment	(4,000)
Bill Pmt -Check	01/25/2022	16790	Zendle, Les - Medical Premium Reimbursement	(10,000)
Check	01/25/2022		Bank Service Charge	(465)
Bill Pmt -Check	01/27/2022	16791	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	01/27/2022	16792	Zendle, Les - Stipend	(420)
Check	01/27/2022	Auto Pay	Principal Financial Group-	(895)
Check	01/27/2022	Auto Pay	Principal Financial Group-	(888)
Bill Pmt -Check	01/31/2022	16793	Verizon Wireless	(774)
Total 1010 - Union Bank - Checking				(397,160)
1012 - Union Bank Operating - 9356				
Check	01/25/2022		Bank Service Charge	(911)
TOTAL				(398,071)

Desert Healthcare District									
Details for Credit Card Expenditures									
Credit card purchases - December 2021 - Paid January 2022									
Number of credit cards held by District personnel -2									
Credit Card Limit - \$25,000 - Conrado, \$20,000 - Chris									
Credit Card Holders:									
Conrado Bárzaga - Chief Executive Officer									
Chris Christensen - Chief Administration Officer									
Routine types of charges:									
Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD									
meetings, CEO Discretionary for small grant & gift items									
Statement									
	Month	Total		Expense					
Year	Charged	Charges		Type	Amount	Purpose	Description	Participants	
		\$ 4,636.45							
Chris' Statement:									
2021	December	\$ 3,934.32		District					
				GL	Dollar	Description			
				6309	\$ 558.00	Advertising for Open Positions			
				6309	\$ 174.00	Advertising for Open Positions			
				6309	\$ 576.00	Advertising for Open Positions			
				6343	\$ 38.65	FedEx - postage expense			
				6360	\$ 10.86	Holiday Cards			
				6352	\$ 2,000.00	Holiday Cards for Staff			
				6355	\$ 79.99	CalChamber 2022 Employee Handbook Creator			
				6360	\$ 146.26	Zoom Videoconference/Webinar Expense			
				6352	\$ 190.96	Staff team building			
				6355	\$ 159.60	Asana annual membership			
					\$ 3,934.32				
Conrado's Statement:									
2021	December	\$ 702.13							
				District					
				GL	Dollar	Description			
				5230	\$ 300.00	Family Services of the Desert Under Your Wings Fundraiser - Director Rogers +1			
				6352	\$ 92.13	Thai Smile Meeting - Conrado Barzaga, President De Lara, & Yvonne Bell (CEO of Clínicas de Salud del Pueblo)			
				6351	\$ 10.00	Lift To Rise Economic Mobility Collaborative Action Network (CAN) Action Planning Retreat			
				6352	\$ 100.00	Jensen's - Live Telethon Food			
				5240	\$ 25.00	Uber Eats - 12/21/21 Board Meeting Food			
				5240	\$ 175.00	Grubhub - 12/1/21 Board Meeting Food			
					\$ 702.13				

**Las Palmas Medical Plaza
Check Register - LPMP
As of January 31, 2022**

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	01/05/2022	10479	Amtech Elevator Services	(1,456)
Bill Pmt -Check	01/05/2022	10480	Desert Water Agency	(942)
Bill Pmt -Check	01/05/2022	10481	Imperial Security	(3,596)
Bill Pmt -Check	01/05/2022	10482	Stericycle, Inc.	(1,293)
Bill Pmt -Check	01/05/2022	10483	Quest Diagnostics Inc.	(25,530)
Bill Pmt -Check	01/06/2022	10484	INPRO-EMS Construction	(2,950)
Bill Pmt -Check	01/06/2022	10485	INPRO-EMS Construction	(3,285)
Bill Pmt -Check	01/11/2022	10486	Frazier Pest Control, Inc.	(750)
Check	01/14/2022		Bank Service Charge	(429)
Bill Pmt -Check	01/18/2022	10487	Palm Springs Disposal Services Inc	(2,283)
Bill Pmt -Check	01/19/2022	10488	Frontier Communications	(232)
Bill Pmt -Check	01/25/2022	10489	Desert Air Conditioning Inc.	(2,465)
Bill Pmt -Check	01/25/2022	10490	Imperial Security	(3,951)
Bill Pmt -Check	01/27/2022	10491	Global Premier Fertility LLC	(40,000)
Bill Pmt -Check	01/27/2022	10492	Southern California Edison	(667)
Bill Pmt -Check	01/31/2022	10493	Desert Water Agency	(998)
Bill Pmt -Check	01/31/2022	10494	Imperial Security	(2,125)
TOTAL				(92,952)



MEMORANDUM

DATE: February 08, 2022

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

	<u>December</u>	<u>January</u>
Active – still employed by hospital	87	87
Vested – no longer employed by hospital	55	55
Former employees receiving annuity	<u>7</u>	<u>7</u>
Total	<u>149</u>	<u>149</u>

The outstanding liability for the RPP is approximately **\$3.5M** (Actives - \$2.2M and Vested - \$1.3M). US Bank investment account balance \$5.3M. Per the June 30, 2021, Actuarial Valuation, the RPP has an Overfunded Pension Asset of approximately **\$1.8M**.

The payouts, excluding monthly annuity payments, made from the Plan for the seven (7) months ended January 31, 2022, totaled **\$135K**. Monthly annuity payments (7 participants) total **\$1.0K** per month.

DESERT HEALTHCARE DISTRICT								
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE								
January 31, 2022								
TWELVE MONTHS ENDING JUNE 30, 2022								
			Approved	6/30/2021	Current Yr	Total Paid Prior Yrs	Total Paid Current Yr	Open
Grant ID Nos.		Name	Grants - Prior Yrs	Bal Fwd	2021-2022	July-June	July-June	BALANCE
2014-MOU-BOD-11/21/13		Memo of Understanding CVAG CV Link Support	\$ 10,000,000	\$ 6,660,000		\$ -		\$ 6,660,000
2019-994-BOD-05-28-19		One Future Coachella Valley - Mental Health College & Career Pathway Development - 2 Yr	\$ 700,000	\$ 148,750		\$ 148,750		\$ -
2020-1085-BOD-05-26-20		Olive Crest Treatment Center - General Support for Mental Health Services - 1 Yr	\$ 50,000	\$ 5,000		\$ 5,000		\$ -
2020-1057-BOD-05-26-20		Desert Cancer Foundation - Patient Assistance Program - 1 Yr	\$ 150,000	\$ 15,000		\$ 15,000		\$ -
2020-1139-BOD-09-22-20		CSU San Bernardino Palm Desert Campus Street Medicine Program - 1 Yr	\$ 50,000	\$ 5,000		\$ (528)		\$ 5,528
		Unexpended funds Grant #1139						\$ (5,528)
2020-1135-BOD-11-24-20		Hope Through Housing Foundation - Family Resilience - 1 Yr	\$ 20,000	\$ 2,000		\$ -		\$ 2,000
2020-1149-BOD-12-15-20		Voices for Children - Court Appointed Special Advocate Program - 1 Yr	\$ 40,000	\$ 22,000		\$ 22,000		\$ -
2021-1136-BOD-01-26-21		Ronald McDonald House Charities - Temporary Housing & Family Support Services - 1 Yr	\$ 119,432	\$ 65,688		\$ 53,744		\$ 11,944
2021-1147-BOD-01-26-21		Alzheimer's Association - Critical Program Support - 1 Yr	\$ 33,264	\$ 18,295		\$ 14,969		\$ 3,326
2021-1162-BOD-01-26-21		Joslyn Center - Wellness Center Program Support - 1 Yr	\$ 109,130	\$ 60,022		\$ 49,108		\$ 10,914
2021-1170-BOD-02-23-21		Jewish Family Services - Mental Health Counseling for Underserved Residents - 1 yr	\$ 80,000	\$ 44,000		\$ 36,000		\$ 8,000
2021-1141-BOD-03-23-21		Martha's Village & Kitchen - Homeless Housing With Wrap Around Services - 1 Yr	\$ 210,905	\$ 115,998		\$ 94,907		\$ 21,091
2021-1171-BOD-03-23-21		Blood Bank of San Bernardino/Riverside Counties - Bloodmobiles for Coachella Valley - 18 Months	\$ 150,000	\$ 82,500		\$ 67,500		\$ 15,000
2021-1174-BOD-03-23-21		Mizell Center - Geriatric Case Management Program	\$ 100,000	\$ 55,000		\$ 45,000		\$ 10,000
2021-1266-BOD-04-27-21		Galilee Center - Our Lady of Guadalupe Shelter - 1 yr	\$ 150,000	\$ 82,500		\$ 67,500		\$ 15,000
2021-1277-BOD-04-27-21		Lift To Rise - United Lift Rental Assistance 2021 - 8 Months	\$ 300,000	\$ 210,000		\$ 180,000		\$ 30,000
2021-1280-BOD-05-25-21		Desert AIDS Project - DAP Health Expands Access to Healthcare - 1yr	\$ 100,000	\$ 55,000		\$ 45,000		\$ 10,000
2021-21-02-BOD-06-22-21		Carry over of remaining Fiscal Year 2020/2021 Funds*	\$ 1,854,873	\$ 1,854,873		\$ 521,664		\$ 1,333,209
2021-1296-BOD-11-23-21		Coachella Valley Volunteers In Medicine - Improving Access to Healthcare Services - 1 Yr			\$ 154,094		\$ 69,342	\$ 84,752
2021-1289-BOD-12-21-21		Desert Cancer Foundation - Patient Assistance Program - 1 Yr			\$ 150,000		\$ 67,500	\$ 82,500
2022-1301-BOD-01-25-22		UCR Regents - Community Based Interventions to Mitigate Psychological Trauma - 1 Yr			\$ 113,514		\$ -	\$ 113,514
2022-1302-BOD-01-25-22		Vision To Learn - Palm Springs, Desert Sands, and Coachella Valley School Districts 1 Yr			\$ 50,000		\$ -	\$ 50,000
2022-1303-BOD-01-25-22		CSU San Bernardino Palm Desert Campus Street Medicine Program - 1 Yr			\$ 54,056		\$ -	\$ 54,056
								\$ -
TOTAL GRANTS			\$ 14,217,604	\$ 9,501,626	\$ 521,664	\$ 1,365,614	\$ 136,842	\$ 8,515,306
Amts available/remaining for Grant/Programs - FY 2021-22:								
Amount budgeted 2021-2022				\$ 4,000,000			G/L Balance:	1/31/2022
Amount granted through January 31, 2022:				\$ (521,664)			2131	\$ 3,525,306
Mini Grants:		1293; 1294		\$ (10,000)			2281	\$ 4,990,000
Financial Audits of Non-Profits				\$ -				
Net adj - Grants not used:		FY20-21 Funds, 1124, 1139		\$ 1,873,147			Total	\$ 8,515,306
Matching external grant contributions				\$ -				\$ (0)
Balance available for Grants/Programs				\$ 5,341,483				
* Value listed in Total Paid column reflects funds granted from carryover funds. Actual grant payments will be reflected under the respective grant.								

* Value listed in Total Paid column reflects funds granted from carryover funds. Actual grant payments will be reflected under the respective grant.



Date: February 8, 2022

To: Finance & Administration Committee

Subject: Lease Extension (Addendum #3) – Eyecare Services Partners Management – Las Palmas Medical Plaza Suite 1E 101-102

Staff Recommendation: Consideration to approve the draft lease extension Addendum #3 for Eyecare Services Partners Management at the Las Palmas Medical Plaza.

Background:

- Eyecare Services Partners Management, LLC (aka Milauskas Eye Institute), the current occupant of Suite 1E 101-102, is a long-standing tenant at LPMP.
- The tenant's current lease will expire March 31, 2023. The tenant wishes to execute the first of two five (5) year extensions included in the lease.
- The lease extension will include a base rate of \$1.75/square foot with annual increases of 3% and no Tenant Improvement allowance.
- The lease extension includes a 4% broker commission.
- The first month of rent beginning on April 1, 2023, will be abated.
- Staff recommends approval of the lease addendum.
- Draft lease addendum is attached for review.

Fiscal Impact:

Estimated Revenue from Rent and CAMs for life of 5-year lease extension - \$418,058

Estimated Costs:

Broker Commission - \$12,335

Net Lease Income (base lease) - \$405,723

ADDENDUM #3

Addendum to that certain Office Building Lease dated March 1, 2018 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord, and EyeCare Services Partners Management LLC, a Delaware limited liability company as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, CA 92262.

Page 1

In the event of any inconsistency between the Addendum language and the body of the Lease, the Addendum language shall prevail.

1. Commencement Date of 1st 5-year extension: April 1, 2023
2. Expiration Date: March 31, 2028
3. Rent Schedule:

4/1/2023 – 4/30/2023	\$0.00	
5/1/2023 – 3/31/2024	\$4,840.50	
4/1/2024 – 3/31/2025	\$4,985.72	Greater of 3% or CPI
4/1/2025 – 3/31/2026	\$5,135.29	Greater of 3% or CPI
4/1/2026 – 3/31/2027	\$5,289.35	Greater of 3% or CPI
4/1/2027 – 3/31/2028	\$5,448.03	Greater of 3% or CPI
4. CAMs: Currently \$.69 per square foot.
5. Security Deposit: N/A.
6. Renewal Options: Tenant requests 1 optional 5-year extension.
7. Rent abatement: The first month of the extension, April 2023, will be free of rent.
8. Right of First Offer: Tenant shall have the Right of First Offer to any upcoming space within building 1E. Tenant shall provide their intent regarding any offered space within 30 days of notice.
9. Brokerage Commission: Landlord agrees to pay Tenant's real estate representative, Mohr Partners, Inc., a 4% commission of gross rental for 5-year extension, with one-half payable at the execution of Addendum and one-half payable at the commencement of Extension.

All other terms and conditions remain unchanged.

The foregoing is hereby agreed to and accepted:

Date: _____

Landlord: Desert Healthcare District

dba: Las Palmas Medical Plaza

By: _____

Signature: _____

Title: _____

Date: _____

Tenant: _____

By: _____

Signature: _____

Title: _____



Date: February 8, 2022

To: Finance & Administration Committee

Subject: Consideration to approve the transition of the FY2022-2023 annual audit and reporting engagement from Lund & Guttry LLP to Coachella Valley Accounting & Auditing (CV A&A)

Staff Recommendation: Consideration to approve the transition of the FY2022-2023 annual audit and reporting engagement from Lund & Guttry LLP to Coachella Valley Accounting & Auditing.

Background:

- The audit firm of Lund & Guttry LLP has completed the audits (District, Foundation, Retirement Protection Plan(RPP), State Controller's Transaction Reports (District & RPP) and the Foundation's Form 990 for FY2020 and FY2021.
- Staff was recently informed of the following:
 1. Lund & Guttry LLP is separating its audit function, which will be transitioned to CV A&A effective February 1, 2022.
 2. Mr. Gary Dack, the audit partner for Lund & Guttry LLP will be transitioning into retirement over the next 2-3 years.
- Mr. Dack will remain with CV A&A as he transitions into retirement.
- All audit staff of Lund & Guttry who have been performing the audits and financial reporting will transition to the new firm.
- CV A&A will maintain the same engagement fees as previously provided by Lund & Guttry for FY2022-2023.
- Included in the packet for your review are the following:
 1. Lund & Guttry - Disengagement Letters for the District, Foundation, and RPP.
 2. Lund & Guttry – Release of Work Papers to CV A&A.
 3. CV A&A - Engagement Letters for the District, Foundation & RPP.
- Staff recommends approval and consent to the transition of audit firms and the Engagement Letters for CV A&A.

Fiscal Impact:

The audit and financial reporting fees are included in the annual budgets.



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

January 21, 2022

Mr. Chris Christensen, CPA
Desert Healthcare District
1140 N. Indian Canyon Drive
Palm Springs, CA 92262

Dear Chris:

On January 3, 2022, it was announced that Lund & Guttry, LLP entered into an amicable agreement with Coachella Valley Accounting & Auditing that all audit and review clients (including the related tax returns) would be transitioned to the new firm effective February 1, 2022. As part of this transition, there are a few former Lund & Guttry staff members that are transitioning to the new firm as well.

Due to this transition, effectively immediately, we will no longer be able to perform the audit services for the years ending June 30, 2022 and 2023 that were outlined in our engagement letter to you dated April 9, 2021.

Coachella Valley Accounting & Auditing will be sending you a new engagement letter to perform these professional services.

If you have any questions, please give me a call.

Sincerely,

Gary Dack, CPA
Partner
Lund & Guttry, LLP



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

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

www.lundandguttery.com

January 21, 2022

Mr. Chris Christensen, CPA
Desert Healthcare Foundation
1140 N. Indian Canyon Dr.
Palm Springs, CA 92262

Dear Chris:

On January 3, 2022, it was announced that Lund & Guttery, LLP entered into an amicable agreement with Coachella Valley Accounting & Auditing that all audit and review clients (including the related tax returns) would be transitioned to the new firm effective February 1, 2022. As part of this transition, there are a few former Lund & Guttery staff members that are transitioning to the new firm as well.

Due to this transition, effectively immediately, we will no longer be able to perform the audit and tax services for the years ending June 30, 2022 and 2023 that were outlined in our engagement letter to you dated June 23, 2021.

Coachella Valley Accounting & Auditing will be sending you a new engagement letter to perform these professional services.

If you have any questions, please give me a call.

Sincerely,

Gary Dack, CPA
Partner
Lund & Guttery, LLP



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36917 COOK STREET • SUITE 102 • PALM DESERT, CALIFORNIA 92211
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www.lundandguttry.com

January 21, 2022

Mr. Chris Christensen, CPA
Desert Hospital Retirement Protection Plan
1140 N. Indian Canyon Dr.
Palm Springs, CA 92262

Dear Chris:

On January 3, 2022, it was announced that Lund & Guttry, LLP entered into an amicable agreement with Coachella Valley Accounting & Auditing that all audit and review clients (including the related tax returns) would be transitioned to the new firm effective February 1, 2022. As part of this transition, there are a few former Lund & Guttry staff members that are transitioning to the new firm as well.

Due to this transition, effectively immediately, we will no longer be able to perform the audit services for the years ending June 30, 2022 and 2023 that were outlined in our engagement letter to you dated April 9, 2021.

Coachella Valley Accounting & Auditing will be sending you a new engagement letter to perform these professional services.

If you have any questions, please give me a call.

Sincerely,

Gary Dack, CPA
Partner
Lund & Guttry, LLP



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

January 10, 2022

Mr. Chris Christensen, CPA
Desert Healthcare District
Desert Healthcare Foundation
Desert Hospital Retirement Protection Plan
1140 N. Indian Canyon Drive
Palm Springs, CA 92262

In connection with our agreement to transition our audit and review practice from Lund & Guttry LLP (L&G) to Coachella Valley Accounting and Auditing (CV A&A) effective February 1, 2022, you acknowledge and consent to allow CV A&A access to our applicable workpapers for our audit, review and/or tax services for the preceding seven year period (L&G's current retention policy period). You further understand and agree that their review of our workpapers is undertaken for the purpose stated above.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Amy Dauder'.

Lund & Guttry, LLP

RESPONSE:

This letter correctly sets forth our understanding:

Signature

Title

Date



ACCOUNTING & AUDITING

P.O. BOX 6030 • La Quinta • CA • 92248
Telephone (442) 325-0089 • Fax (442) 273-2233
www.evaccountingandauditing.com

January 11, 2022

Mr. Chris Christensen, CPA
Desert Healthcare District
1140 N. Indian Canyon Drive
Palm Springs, CA 92262

Dear Chris:

We are pleased to confirm our understanding of the services we are to provide Desert Healthcare District for the years ended June 30, 2022 and 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Desert Healthcare District as of and for the years ended June 30, 2022 and 2023. Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Desert Healthcare District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Desert Healthcare District's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies Desert Healthcare District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

1. Schedule of changes in the Net Pension Liability and related ratios.
2. Schedule of changes in Net OPEB Liability and related ratios.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Desert Healthcare District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements of Desert Healthcare District in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

Shannon Maidment, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our not to exceed fees will be as follows:

	<u>2022</u>	<u>2023</u>
• Issuance of audited financial statements	\$ 16,750	\$ 17,750
• Preparation of State Controllers Report	<u>750</u>	<u>750</u>
	<u>\$ 17,500</u>	<u>\$ 18,500</u>

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Organization and accountant both agree that any dispute over fees charged by the accountant to the organization will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Reporting

We will issue a written report upon completion of our audit of Desert Healthcare District's financial statements. Our report will be addressed to the Board of Directors of Desert Healthcare District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to Desert Healthcare District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return it to us.

Very truly yours,

COACHELLA VALLEY ACCOUNTING & AUDITING



Shannon Maidment, CPA

RESPONSE:

This letter correctly sets forth the understanding of Desert Healthcare District.

Management signature: _____

Title: _____

Date: _____



ACCOUNTING & AUDITING

P.O. BOX 6030 • La Quinta • CA • 92248
Telephone (442) 325-0089 • Fax (442) 273-2233
www.cvaccountingandauditing.com

January 11, 2022

Mr. Chris Christensen, CPA
Desert Healthcare Foundation
1140 N. Indian Canyon Dr.
Palm Springs, CA 92262

Dear Chris:

We are pleased to confirm our understanding of the services we are to provide for Desert Healthcare Foundation for the years ended June 30, 2022 and 2023.

Audit Scope and Objectives

We will audit the financial statements of Desert Healthcare Foundation, which comprise the statement(s) of financial position as of June 30, 2022 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the “financial statements”). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor’s report on the financial statements.

1) Schedule of expenditures of federal awards.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America, and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain

assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Desert Healthcare Foundation's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other

applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Organization's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on Desert Healthcare Foundation's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will prepare the Organization's federal and state information returns for the years ended June 30, 2022 and 2023 for the federal and California based on information provided by you. We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of Desert Healthcare Foundation in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statements, schedule of expenditures of federal awards, related notes, and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the information return, but management must make all decisions with regard to those matters.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request

for the purpose of the audit; and (4) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP;

(3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities for the tax services, financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Coachella Valley Accounting & Auditing and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to oversight agency for the audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Coachella Valley Accounting & Auditing personnel. Furthermore, upon request, we may provide copies of selected audit

documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Shannon Maidment, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to them.

Our fee for these services will be as follows:

	<u>2022</u>	<u>2023</u>
• Issuance of audit of financial statements	\$ 9,000	\$ 9,000
• Issuance of reports required for the Uniform Guidance audit	5,000	*
• Preparation of income tax returns	<u>2,500</u>	<u>2,500</u>
	<u>\$ 16,500</u>	<u>\$ 11,500</u>

**For the year ending June 30, 2023 the Organization will need to evaluate the need for a single audit and the fees will need to be determined based on the federal awards expended during that fiscal year.*

You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Payment is due 30 days after the invoice date, and a late charge shall be incurred on the unpaid amount at a rate of 1% per month from that due date until paid. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs.

It is our policy to keep records related to this engagement for 7 years. However, Coachella Valley Accounting & Auditing does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7 year period Coachella Valley Accounting & Auditing shall be free to destroy our records related to this engagement.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association <or other association>. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

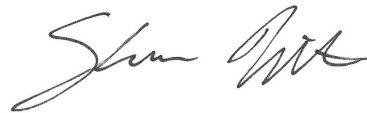
Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of Desert Healthcare Foundation. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Shannon Maidment, CPA
COACHELLA VALLEY
ACCOUNTING & AUDITING

RESPONSE:

This letter correctly sets forth the understanding of Desert Healthcare Foundation.

Management signature: _____

Title: _____

Date: _____



ACCOUNTING & AUDITING

P.O. BOX 6030 • La Quinta • CA • 92248
Telephone (442) 325-0089 • Fax (442) 273-2233
www.cvaccountingandauditing.com

January 11, 2022

Mr. Chris Christensen, CPA
Desert Hospital Retirement
Protection Plan
1140 N. Indian Canyon Dr.
Palm Springs, CA 92262

Dear Chris:

We are pleased to confirm our understanding of the services we are to provide for Desert Hospital Retirement Protection Plan (“the Plan”) for the years ended June 30, 2022 and 2023 in connection with its annual reporting obligation under the Employee Retirement Income Security Act of 1974 (ERISA). The plan has been frozen since May 31, 1997.

Audit Scope and Objectives

We will audit the financial statements of Desert Hospital Retirement Protection Plan, which comprise the statement of net assets available for benefits and accumulated plan benefits as of June 30, 2022 and 2023, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the years then ended, and the disclosures (collectively, the “financial statements”), and report on the supplemental schedules of the Plan for the years ended June 30, 2022 and 2023. Also, the following supplementary information accompanying the financial statements, as applicable, will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will report on whether the information is fairly stated in all material respects in relation to the financial statements as a whole in a report combined with our auditor’s report on the financial statements:

1) Schedule of Funding Progress

These financial statements and supplemental schedules are required to be filed with the California State Controller’s Office. The last Form 5500 filed was in June 30, 1998 as the plan became frozen May 31, 1997.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the Plan or to acts by management or employees acting on behalf of the Plan.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of nonexempt transactions. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Plan and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of investments, plan obligations, and certain other assets and liabilities by correspondence with financial institutions, actuaries, and other third parties. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are

unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

In addition, we will perform certain procedures directed at considering the Plan's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status and ERISA plan qualification requirements. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

Other Services

We will also prepare the annual State Controller's Report for June 30, 2022 and 2023.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining appropriate value measurements; for the acceptance of the actuarial methods and assumptions used by the actuary; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties, parties in interest, and all related-party and party-in-interest relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Plan from whom we determine it necessary to obtain audit evidence. You are also responsible for maintaining a current plan instrument, including all plan amendments; for administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants. You are also responsible for providing to us, the annual fiscal year report from US Bank reflecting all accounting and reporting information. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Plan involving (1) Plan management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Plan complies with applicable laws and regulations. You are responsible for the fair presentation of the supplemental schedules and the form and content of the supplemental schedules in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the

supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the actuarial services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your personnel will prepare all schedules, analyses, and confirmations we request and will locate any invoices or other documents selected by us for testing.

The audit documentation for this engagement is the property of Coachella Valley Accounting & Auditing and constitutes confidential information. However, we may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If requested, access to such audit documentation will be provided under the supervision of Coachella Valley Accounting & Auditing personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Shannon Maidment, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for June 30, 2022 and 2023 are:

	<u>2022</u>	<u>2023</u>
Issuance of audited financial statements	\$ 5,000	\$ 5,000
Preparation of State Controller’s Report	<u>500</u>	<u>500</u>
	<u>\$ 5,500</u>	<u>\$ 5,500</u>

Payment for service is due when rendered, and interim billings may be submitted as work progresses and expenses are incurred.

The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 90 days of the invoice date, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. In the event any statement or invoice rendered by us to you is not paid within 30 days of the date of the invoice, then a late charge shall be accrued on the unpaid amount at the rate of 1% per month from that date until paid. Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final.

Organization and accountant both agree that any dispute over fees charged by the accountant to the organization will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Reporting

We will issue a written report upon completion of our audit of the Plan's financial statements. Our report will be addressed to the Board of Directors of the Desert Healthcare District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to the Plan and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return it to us.

Very truly yours,



Shannon Maidment, CPA

COACHELLA VALLEY

ACCOUNTING & AUDITING

RESPONSE:

This letter correctly sets forth the understanding of Desert Hospital Retirement Protection Plan.

Plan Administrator's signature:

Title:

Date:
