



DESERT HEALTHCARE FOUNDATION
Special Finance, Legal, Administration, & Real Estate Committee
November 16, 2022

The Special Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 1:30 PM, or immediately following the F&A Committee District meeting Wednesday, November 16, 2022, via Zoom using the following link:

<https://us02web.zoom.us/j/88576814979?pwd=N3JEN2lsbkkg0bnp4WUNyWUowVDhmQT09>
Password: 574440

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** or **(888) 788-0099** To Listen and Address the Board when called upon:
Webinar ID: 885 7681 4979
Password: 574440

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 – October 11, 2022 – Pg. 2-3

ACTION

V. CEO REPORT

Information

VI. FINANCIAL REPORT

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

ACTION

VII. OTHER MATTERS

- 1. Shannon Maidment & Andrea Oliveri – Coachella Valley Accounting & Auditing – FY 2022 Audit Report (Foundation & Single Audit) – Pg. 14-46 (Reports presented during the District’s committee meeting)

ACTION

VIII. ADJOURNMENT

The undersigned certifies that a copy of this agenda was posted in the front entrance to the Desert Healthcare District offices located at 1140 North Indian Canyon Drive, Palm Springs, California, and the front entrance of the Desert Healthcare District office located at the Regional Access Project Foundation, 41550 Eclectic Street, Suite G 100, Palm Desert, California at least 72 hours prior to the meeting.

Andrea S. Hayles

Andrea S. Hayles, Board Relations Officer



DESERT HEALTHCARE FOUNDATION
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
October 11, 2022

Directors Present via Video Conference	District Staff Present via Video Conference	Absent
Chair/Treasurer Arthur Shorr President Karen Borja Director Les Zendle, MD	Conrado E. Bárzaga, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Eric Taylor, Accounting Manager Donna Craig, Chief Program Officer Alejandro Espinoza, Chief of Community Engagement Andrea S. Hayles, Board Relations Officer	

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 4:50 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda describing that the committee voted unanimously to table item 7.1. in the District meeting.	Moved and seconded by Director Zendle and President Borja to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment	
IV. Approval of Minutes 1. Minutes – Meeting September 13, 2022	Chair Shorr asked for a motion to approve the minutes of the September 13, 2022, F&A Committee meeting.	Moved and seconded by Director Zendle and President Borja to approve the September 13, 2022, meeting minutes. Motion passed unanimously.
V. CEO Report	There was no CEO Report.	
VI. Financial Report 1. Financial Statements 2. Deposits 3. Check Register 4. Credit Card Expenditures 5. General Grants Schedule	Chair Shorr reviewed the financials with the committee.	Moved and seconded by Director Zendle and President Borja to approve the September 2022 financials and forward to the board for approval. Motion passed unanimously.
VII. Other Matters 1. Shannon Maidment & Andrea Oliveri – Coachella Valley Accounting & Auditing – FY 2022 Audit Report (Reports presented during the District’s committee meeting)	Chair Shorr suggested that staff determine a date to meet to discuss the revisions to the language of the disclosure statement, describing the clean audited financials for the District and Foundation except for the	



DESERT HEALTHCARE FOUNDATION
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
October 11, 2022

	single audit report deficiency at no fault to the staff.	
VIII. Adjournment	President Borja adjourned the meeting at 5:00 p.m.	Audio recording available on the website at http://dhcd.org/Agendas-and-Documents

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

Minutes respectfully submitted by Andrea S. Hayles, Board Relations Officer

DRAFT

DESERT HEALTHCARE FOUNDATION					
OCTOBER 2022 FINANCIAL STATEMENTS					
INDEX					
Statement of Operations					
Balance sheet					
Allocation of Restricted Funds					
Deposit Detail					
Check Register					
Credit Card Expenditures					
Schedule of Grants					

Desert Healthcare Foundation
Profit & Loss Budget vs. Actual
July through October 2022

	MONTH			TOTAL		
	Oct 22	Budget	\$ Over Budget	Jul - Oct 22	Budget	\$ Over Budget
Income						
4000 · Gifts and Contributions	5,198	4,167	1,031	52,579	16,668	35,911
4003 · Grants	43,577	179,167	(135,590)	220,558	716,668	(496,110)
4116 · Bequests - Frederick Lowe	4,934	5,000	(66)	19,389	20,000	(611)
4130 · Misc. Income	0	83	(83)	0	332	(332)
8015 · Investment Interest Income	8,734	12,500	(3,766)	36,325	50,000	(13,675)
8040 · Restr. Unrealized Gain/(Loss)	193,895	(8,333)	202,228	(645)	(33,332)	32,687
Total Income	256,338	192,584	63,754	328,206	770,336	(442,130)
Expense						
5001 · Accounting Services Expense	958	1,375	(417)	3,832	5,500	(1,668)
5035 · Dues & Memberships Expense	0	42	(42)	26	168	(142)
5057 · Investment Fees Expense	3,450	4,167	(717)	14,373	16,668	(2,295)
5065 · Legal Costs Ongoing Expense	0	83	(83)	0	332	(332)
5101 · DHCD-Exp Alloc Wages& benefits	15,200	15,376	(176)	60,800	61,504	(704)
5102 · DHCD-Expenses - CVEC	17,502	25,613	(8,111)	56,248	102,452	(46,204)
5106 · Marketing & Communications	26	2,917	(2,891)	172	11,668	(11,496)
5110 · Other Expenses	183	417	(234)	1,200	1,668	(468)
5115 · Postage & Shipping Expense	0	8	(8)	0	32	(32)
5120 · Professional Fees Expense	0	83	(83)	0	332	(332)
8051 · Major grant expense	43,577	145,833	(102,256)	215,558	583,332	(367,774)
8052 · Grant Expense - Collective/Mini	0	2,500	(2,500)	0	10,000	(10,000)
Total Expense Before Social Services	80,896	198,414	(117,518)	352,209	793,656	(441,447)
5054 · Social Services Fund	8,000	5,000	3,000	14,000	20,000	(6,000)
Net Income	167,442	(10,830)	178,272	(38,003)	(43,320)	5,317

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of October 31, 2022

			Oct 31, 22	Oct 31, 21
ASSETS				
Current Assets				
Checking/Savings				
100 - CASH				
150 - Petty Cash			200	200
151 - Checking - Union Bank 7611			1,820,831	610,595
152 - Checking - Union Bank 8570			115,929	125,076
Total Checking/Savings			1,936,960	735,871
Total Accounts Receivable			48,765	400,000
Other Current Assets				
316 - Accrued Revenue			0	300,000
476-486 - INVESTMENTS				
477 - Morgan Stanley-Investments				
477.2 - Unrealized Gain/(Loss)			(297,273)	74,147
477 - Morgan Stanley-Investments - Other			2,057,352	3,128,511
Total 477 - Morgan Stanley-Investments			1,760,079	3,202,658
486 - Merrill Lynch				
486.1 - Merrill Lynch Unrealized Gain			531,589	869,466
486 - Merrill Lynch - Other			2,030,862	1,844,768
Total 486 - Merrill Lynch			2,562,451	2,714,234
Total 476-486 - INVESTMENTS			4,322,530	5,916,892
500 - CONTRIBUTIONS -RCVB -CRTS				
515 - Contrib RCVB-Pressler CRT			62,367	74,787
530 - Contrib RCVB-Guerts CRT			126,022	126,022
Total 500 - CONTRIBUTIONS -RCVB -CRTS			188,389	200,809
601 - Prepaid Payables			6,530	5,167
Total Other Current Assets			4,517,449	6,422,868
TOTAL ASSETS			6,503,174	7,558,739

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of October 31, 2022

				Oct 31, 22	Oct 31, 21
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
			1000 · Accounts Payable	35,569	1,399
			1052 · Account payable-DHCD Exp Alloc	87,015	94,041
			Total Accounts Payable	122,584	95,440
Other Current Liabilities					
			2183 · Grants Payable-COVID-CARES PHI	26,837	788,599
			2190 · Current - Grants payable	93,369	3,268,543
			Total Other Current Liabilities	120,206	4,057,142
			Total Current Liabilities	242,790	4,152,582
Long Term Liabilities					
			2186 · Grants payable	200,000	1,600,000
			Total Liabilities	442,790	5,752,582
Equity					
			3900 · Retained Earnings	6,098,389	1,834,713
			Net Income	(38,003)	(28,556)
			Total Equity	6,060,386	1,806,157
TOTAL LIABILITIES & EQUITY				6,503,174	7,558,739

DESERT HEALTHCARE FOUNDATION					
BALANCE SHEET 10/31/22					
ALLOCATION OF MAJOR CATEGORIES/LIABILITIES					
		T/B	GENERAL Fund	Restricted Funds	Trusts
ASSETS					
	150 - Petty Cash	200	200	-	-
	151 - Checking - Union Bank 7611*	1,820,831	1,693,970	126,861	-
	152 - Checking - Union Bank 8570*	115,929	-	115,929	-
Total 100 - CASH - UNRESTRICTED		1,936,960	1,694,170	242,790	-
Accounts Receivable					
	321 - Accounts Receivable - Other	48,765	-	48,765	-
Total Accounts Receivable		48,765	-	48,765	-
477 - Invt-Morgan Stanley					
	477.2 - Unrealized Gain	(297,273)	-	(297,273)	-
	477 - Invt-Morgan Stanley	2,057,352	204,508	1,852,844	-
Total 477 - Invt-Morgan Stanley		1,760,079	204,508	1,555,571	-
6441	486.1 - Merrill Lynch Unrealized Gain	531,589	-	531,589	-
	486 - Merrill Lynch	2,030,862	-	2,030,862	-
Total 486 - Merrill Lynch		2,562,451	-	2,562,451	-
	515 - Contrib RCVB-Pressler CRT	62,367	-	-	62,367
	530 - Contrib RCVB-Guerts CRT	126,022	-	-	126,022
	601 - Prepaid payables	6,530	6,530	-	-
Total Current Assets		6,503,174	1,905,208	4,409,577	188,389
TOTAL ASSETS		6,503,174	1,905,208	4,409,577	188,389
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
	1000 - Accounts Payable	35,569	-	35,569	-
	1052 - Account Payable - DHCD - Alloc Expenses	87,015	-	87,015	-
	2183 - Grants Payable-COVID-CARES PHI	26,837	-	26,837	-
	2190 - Grants Payable - Current Portion	93,369	-	93,369	-
Total Current Liabilities		242,790	-	242,790	-
	2186 - Grant Payable - Long Term	200,000	-	200,000	-
Total Liabilities		442,790	-	442,790	-
Equity					
	3900 - Retained Earnings	6,098,389	1,943,213	3,966,787	188,389
	Net Income	(38,003)	(38,003)	-	-
Total Equity		6,060,386	1,905,208	3,966,787	188,389
TOTAL LIABILITIES & EQUITY		6,503,174	1,905,208	4,409,577	188,389
* Restricted funds include Pass-Through Funds and Accounts Payable					

Desert Healthcare Foundation
Deposit Detail
 October 2022

Type	Date	Name	Account	Amount
Deposit	10/18/2022		151 - Checking - Union Bank 7611	4,934
		American Society of Composers	4116 - Bequests - Frederick Lowe	(4,934)
TOTAL				(4,934)
Deposit	10/19/2022		151 - Checking - Union Bank 7611	29,050
Payment	10/19/2022	Inland Empire Health Plan	1499 - Undeposited Funds	(29,050)
TOTAL				(29,050)
Deposit	10/27/2022		151 - Checking - Union Bank 7611	10
		Misc.	4000 - Gifts and Contributions	(10)
TOTAL				(10)
Deposit	10/28/2022		152 - Checking - Union Bank 8570	97,209
Payment	10/28/2022	Riverside County - Public Health	1499 - Undeposited Funds	(97,209)
TOTAL				(97,209)
			TOTAL	131,203

Desert Healthcare Foundation
Check Register
As of October 31, 2022

Type	Date	Num	Name	Amount
100 - CASH				
151 - Checking - Union Bank 7611				
Bill Pmt -Check	10/04/2022	5361	City of Palm Springs	(26)
Bill Pmt -Check	10/04/2022	ACH 100622	CONCUR, INC.	(9,696)
Bill Pmt -Check	10/11/2022	5362	KESQ Newschannel 3	(275)
Bill Pmt -Check	10/11/2022	5363	KUNA-FM	(1,000)
Bill Pmt -Check	10/11/2022	5364	KUNA-TV Telemundo 15	(920)
Bill Pmt -Check	10/11/2022	5365	Public Health Institute - Grant Payment	(37,500)
Bill Pmt -Check	10/11/2022	5366	Union Bank	(11,249)
Bill Pmt -Check	10/18/2022	5367	Desert Regional Medical Ctr Aux - Social Services Payment	(2,000)
Bill Pmt -Check	10/18/2022	5368	Desert Regional Medical Ctr Aux - Social Services Payment	(6,000)
Check	10/25/2022		Bank Service Charge	(183)
Bill Pmt -Check	10/27/2022	5369	Borrego Community Health Foundation - Grant Payment	(14,722)
Bill Pmt -Check	10/27/2022	5370	OneFuture Coachella Valley - Grant Payment	(45,000)
Bill Pmt -Check	10/27/2022	5371	Public Health Institute - Grant Payment	(37,500)
Total 151 - Checking - Union Bank 7611				(166,071)
152 - Checking - Union Bank 8570				
Bill Pmt -Check	10/04/2022	1071	Miguel Delgado - Pico De Gallo Advertising	(400)
Bill Pmt -Check	10/11/2022	1072	El Sol Neighborhood Educational Center - Grant Payment	(15,234)
Bill Pmt -Check	10/11/2022	1073	Galilee Center - Grant Payment	(9,210)
Bill Pmt -Check	10/11/2022	1074	Lideres Campesinas, Inc. - Grant Payment	(35,000)
Bill Pmt -Check	10/11/2022	1075	Todec Legal Center Perris - Grant Payment	(35,174)
Bill Pmt -Check	10/11/2022	1076	Youth Leadership Institute - Grant Payment	(278)
Bill Pmt -Check	10/28/2022	1077	Verizon Wireless	(145)
Bill Pmt -Check	10/31/2022	1078	Alianza Coachella Valley - Grant Payment	(10,351)
Bill Pmt -Check	10/31/2022	1079	El Sol Neighborhood Educational Center - Grant Payment	(19,276)
Bill Pmt -Check	10/31/2022	1080	Galilee Center - Grant Payment	(4,105)
Bill Pmt -Check	10/31/2022	1081	Todec Legal Center Perris - Grant Payment	(36,596)
Bill Pmt -Check	10/31/2022	1082	Youth Leadership Institute - Grant Payment	(4,679)
Total 152 - Checking - Union Bank 8570				(170,448)
TOTAL				(336,519)

**Desert Healthcare Foundation
Details for Credit Card Expenditures**

Credit card purchases - September 2022 - Paid October 2022

Number of credit cards held by Foundation personnel - 3					
Credit Card Limit - \$25,000					
Credit Card Holders:					
Conrado Bárzaga - Chief Executive Officer					
Chris Christensen - Chief Administration Officer					
Alejandro Espinoza - Chief of Community Engagement					
Routine types of charges:					
Office Supplies, Dues for membership, Supplies for Projects, Programs, etc.					
Statement					
	Month	Total	Expense		
Year	Charged	Charges	Type	Amount	Purpose
		\$ 11,249.00			
Monthly Statement:					
2022	September	\$ 11,249.00	Foundation		
			5106	\$ 10.99	cvHIP.com hosting
			5102	\$ 2,025.71	Enterprise - rental truck
			5106	\$ 14.99	Desert Sun subscription - marketing
			5102	\$ (18.32)	Home Depot - refund of deposit balance for fan rental
			5102	\$ (18.32)	Home Depot - refund of deposit balance for fan rental
			5102	\$ 20.88	Arco - refreshments for Promotoras for vaccination event
			5102	\$ 100.00	Home Depot - Deposit for rental of fan
			5102	\$ 2,004.95	Kroger - gift cards for CVEC Vaccination Clinics
			5102	\$ 1,044.95	Kroger - gift cards for CVEC Vaccination Clinics
			5102	\$ 87.72	Facebook advertising for CV Collaborative
			5110	\$ 17.81	Amazon - supplies for RAP office (transferred to District)
			5102	\$ 105.01	Circle K - fuel for rental truck
			5102	\$ 120.11	Circle K - fuel for rental truck
			2190	\$ 179.83	Panera - food for Concur meeting on September 8, 2022
			5102	\$ 126.10	G&M Oil - fuel for rental truck
			5102	\$ 6.99	Leon's Meat Market - refreshments for CVEC event
			5102	\$ 16.39	Leon's Meat Market - refreshments for CVEC event
			5102	\$ 35.76	Amazon - first aid kits for CVEC testing and vaccination events
			5102	\$ 2,004.95	Kroger - gift cards for CVEC Vaccination Clinics
			5102	\$ 2,004.95	Kroger - gift cards for CVEC Vaccination Clinics
			5102	\$ 40.00	Kroger - gift cards for CVEC Vaccination Clinics
			5102	\$ 500.00	Facebook advertising for CV Collaborative
			5110	\$ 157.20	Augustine Casino - Lunch meeting for ACHD site visit (transferred to District)
			5102	\$ 118.99	Apple Market 2 - fuel for rental truck
			5102	\$ 20.00	Starbucks - refreshments for CVEC event
			5102	\$ 65.22	Domino's - food for CVEC vaccination event
			5102	\$ 169.70	Taqueria Guerrero - food for CVEC vaccination event
			5102	\$ 20.00	Starbucks - refreshments for CVEC event
			5102	\$ 100.00	Home Depot - Deposit for rental of fan
			5102	\$ 12.36	Home Depot - refreshments for CVEC event
			5102	\$ 17.24	Home Depot - refreshments for CVEC event
			5102	\$ 136.84	Amazon - trash cans for CVEC testing and vaccination events
		\$ 11,249.00			

DESERT HEALTHCARE FOUNDATION							
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE							
October 31, 2022							
TWELVE MONTHS ENDING JUNE 30, 2023							
A/C 2190 and A/C 2186-Long term			6/30/2022	New Grants		10/31/2022	
Grant ID Nos.		Name	Open	Current Yr	Total Paid	Open	
			BALANCE	2022-2023	July-June	BALANCE	
Health Portal		Remaining Collective Funds-Mayor's Race & DHCF	\$ 67,117		\$ 12,013	\$ 55,104	HP-cvHIP
BOD - 04/24/18 & 06/28/22		Behavioral Health Initiative Collective Fund + Expansion	\$ 3,297,169		\$ 323,287	\$ 2,973,882	Behavioral Health
BOD - 06/26/18 BOD		Avery Trust Funds-Committed to Pulmonary services	\$ 720,282		\$ 133,447	\$ 586,835	Avery Trust
BOD - 6/25/19 BOD (#1006)		DHCD - Homelessness Initiative Collective Fund	\$ 94,057		\$ -	\$ 94,057	Homelessness
BOD - 02/23/21 BOD (#1148)		OneFuture - Black and African American Healthcare Scholarship - 2 yrs	\$ 65,000		\$ 45,000	\$ 20,000	
BOD - 07/27/21 BOD (#1288)		Borrego Community - Improving Access to Healthcare - 3 yrs	\$ 545,000		\$ 14,722	\$ 530,278	
F&A - 6/11/19, 6/09/20, 6/22/21 Res. NO. 21-02, 22-17		Prior Year Commitments & Carry-Over Funds	\$ 1,544,156		\$ -	\$ 1,544,156	
TOTAL GRANTS			\$ 6,332,781	\$ -	\$ 528,469	\$ 5,804,313	
Summary: As of 10/31/2022			Uncommitted & Available				
Health Portal (CVHIP):	\$	55,104	\$	55,104			
Behavioral Health Initiative Collective Fund	\$	2,973,882	\$	1,960,733			
Avery Trust - Pulmonary Services	\$	586,835	\$	509,757			
West Valley Homelessness Initiative	\$	94,057	\$	71,557			
Healthcare Needs of Black Communities	\$	550,278	\$	-			
Prior Year Commitments & Carry-Over Funds	\$	1,544,156	\$	1,544,156			
Total	\$	5,804,312	\$	4,141,307			
Amts available/remaining for Grant/Programs - FY 2022-23:			FY23 Grant Budget		Social Services Fund #5054		
Amount budgeted 2022-2023			\$ 530,000	\$ 500,000	Budget	\$ 60,000	
Amount granted year to date			\$ -	\$ 30,000	DRMC Auxiliary	\$ 8,000	Spent YTD
Mini Grants:					Eisenhower	\$ 6,000	
Net adj - Grants not used:					Balance Available	\$ 46,000	
Contributions / Additional Funding							
Prior Year Commitments & Carry-Over Funds		FY19-20 \$284,156; FY20-21 \$730,000; FY21-22 \$530,000	\$ 1,544,156				
Balance available for Grants/Programs			\$ 2,074,156				

**DESERT HEALTHCARE FOUNDATION
OUTSTANDING PASS-THROUGH GRANTS AND GRANT PAYMENT SCHEDULE**

October 31, 2022

FISCAL YEAR ENDING JUNE 30, 2023

		TOTAL	6/30/2022			10/31/2022	
		Grant	Open	Current Yr	Total Paid/Accrued	ELC3 Funds	ELC3 Funds
Grant ID Nos.	Name		BALANCE	2022-2023	July-June	BALANCE	BALANCE
						Payable	Remaining
BOD - 10/20/20 - Contract #21-024	Coronavirus Aid, Relief, and Economic Security (CARES) Act and Center for Disease Control and Prevention Epidemiology and Laboratory Capacity (ELC) Enhancing Detection funding from Riverside County - \$2.4 Million (\$1,960,000 for grants)						
BOD - 03/23/21 (#1275)	Lideres Campesinas, Inc. - Take It to the Fields Initiative	\$ 125,000	\$ 35,000		\$ 35,000	\$ -	
BOD - 04/26/22 - Contract Amendment*	Center for Disease Control and Prevention Epidemiology and Laboratory Capacity (ELC) Enhancing Detection funding from Riverside County - \$750,000 (\$625,000 for grants) (Reimbursement Grant)						
BOD - 03/23/21 (#1268)	El Sol Neighborhood Educational Center - Coachella Valley COVID-19 Collaborative	\$ 170,000	\$ 40,305		\$ 74,815	\$ -	\$ 95,185
BOD - 03/23/21 (#1269)	Alianza Coachella Valley - ECV COVID-19 STRATEGIC COMMUNICATIONS PLAN	\$ 50,000	\$ 6,901		\$ 17,252	\$ 5,202	\$ 27,546
BOD - 03/23/21 (#1270)	Galilee Center - Emergency Services	\$ 70,000	\$ 37,144		\$ 50,459	\$ 5,597	\$ 13,943
BOD - 03/23/21 (#1272)	Youth Leadership Institute - COVID-19 ECV Collaborative	\$ 35,000	\$ 5,153		\$ 10,110	\$ 6,470	\$ 18,421
BOD - 03/23/21 (#1274)	Todec Legal Center Perris - Sembrando Prevencion	\$ 300,000	\$ 48,688		\$ 120,457	\$ 9,568	\$ 169,975
TOTAL GRANTS		\$ 625,000	\$ 173,191	\$ -	\$ 308,094	\$ 26,837	
ELC Amendment	Passthrough to Community Based Organizations	\$ 625,000	\$ 138,191	\$ -	\$ 273,094	\$ 26,837	\$ 325,069
	CARES/ELC Administrative Costs	\$ 125,000	\$ 30,414	\$ -	\$ 45,290	\$ 38,942	\$ 40,768
Total ELC Amendment		\$ 750,000	\$ 168,605	\$ -	\$ 318,384	\$ 65,779	\$ 365,836
					Account 2183	\$ 26,837	
						\$ -	
Amts available/remaining for Grant/Programs - FY 2022-23:							
Amount granted year to date		\$ 161,740				Grant Funds	
Foundation Administration Costs		\$ 53,818				CARES/ELC	
Contributions / Additional Funding	ELC3 Amendment \$750,000	\$ (215,559)			Total Grant	\$ 2,400,000	\$ 750,000
Balance available for Grants/Programs		\$ -			Received to Date	\$ 2,400,000	\$ 340,586
					Balance Remaining	\$ -	\$ 409,414

*Contract #21-024 Amendment is on a reimbursement basis and will reflect expenses as they are invoiced and receivable from County of Riverside.



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: November 16, 2022
To: Finance & Administration Committee
Subject: Coachella Valley Accounting & Auditing – FY2022 Audit Reports –
Foundation and Single Audit

Staff Recommendation: Consideration to approve the FY2022 Audit reports for the Desert Healthcare Foundation and the Single Audit.

Background:

- Lund & Guttry LLP performed the audits of the District and Foundation entities for fiscal years 2020 and 2021.
- During fiscal year 2022, the audit department of Lund & Guttry discontinued allowing the audit staff to create their own accounting and auditing firm, Coachella Valley Accounting & Auditing, who completed the FY22 audits.
- During the fiscal year, the Foundation continued to receive ELC federal funding via Riverside County, which required an A-133 (Single Audit) for the 2nd consecutive year.
- The following audit reports were presented at the October 11, 2022 District committee meeting by Shannon Maidment, CPA, Andrea Oliveri, CPA, and Gary Dack, CPA:
 1. Communication Letter
 2. Internal Controls Report
 3. District Audit Report
 4. Retirement Protection Plan (RPP) Audit Report
 5. Desert Healthcare Foundation & Single Audit Reports (Information only).
To be approved during the Foundation’s F&A Committee meeting)
- The District and Retirement Protection Plan audits received unmodified opinions with no findings.
- The Foundation and Single Audits also received unmodified opinions.
- A finding is noted for the Foundation and identified as a significant deficiency.
- Accounting Standard was updated in 2020 (ASU 2018-08), which staff was made aware during the audit, that was not implemented.
- The update is regarding modified accounting treatment of Grants Payable and Restricted Net Assets.
- The accrual of initiatives (i.e. Behavioral Health and the Avery Trust-Air Quality funds) and the carry-over of grant budgets that are not presently awarded to external entities are no longer allowed and must be accounted for differently on the Foundation’s books. This does not affect the accounting on the District’s books.
- Specific details are noted in the Single Audit report of the Foundation.
- It is important to note, the required adjustments are accounting related and do not have financial implications.

Update:

- The Committee was approving of the audit reports, excluding the significant deficiency. A lengthy discussion regarding the significant deficiency ensued.
- The Committee directed staff to work with CVAA to modify the language of the deficiency and to bring back to the Committee for review, followed by the presentation of the audit reports at the November meetings.
- The modified language was provided to the Committee members.
- Staff recommends approval of the FY2022 Audit Reports for the District and Retirement Protection Plan. Foundation reports will be approved during the Foundation Committee meeting.

Fiscal Impact:

NA



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Subject: Foundation FY22 Audit Report Finding - Grants Payable and Restricted Net Assets (Significant Deficiency)

Two issues are related to the significant deficiency.

#1. For many years, both the District and Foundation accrue grants committed/awarded by the Board of Directors as an expense and a grant payable, effectively restricting the funds. This accounting practice was accurate and complied with all accounting standards.

The treatment was also appropriate for the Foundation to accrue grants received from the District for purposes of providing future grants, in a collective effort, to external organizations. Initiatives were created for homelessness, behavioral health, the Avery trust (pulmonary designated funds), etc. Grant expense and corresponding liabilities were recorded.

#2. Due to the extensive work the District and Foundation were performing regarding COVID, the grant funding to external recipients was minimal. As a result, in FY2021, the grant budgets for the District and Foundation were not fully awarded. These budget amounts would have been lost and unavailable for future grant awards. In an effort to preserve the grant funding for awards, District staff met with its auditors (Lund & Guttry, CPAs) to determine if it would be appropriate to carryover the remaining grant budget funds to the following fiscal year. The audit firm confirmed the accrual (expense and grant liability) would be appropriate for both entities.

The FY2022 annual audit was performed by Coachella Valley Accounting and Auditing (CVAA), who's staff are some of same audit staff that performed the FY20 & FY21 audits with Lund & Guttry.

It was determined during the audit that an update to an accounting standard (Accounting Standards Update No. 2018-08 (ASU 2018-08), Not-for-Profit Entities (Topic 958)), was effective for only the Foundation during the year ended June 30, 2020 and was not implemented. The updated standard indicated an expense and liability could not be created for funds until distributed or awarded to external organizations.

The updated standard required that funds established for homelessness, behavioral health, pulmonary, and carryover funds could no longer be accrued on the Foundation's books, resulting in an adjustment (\$3,445,048) at June 30, 2022.

The effect of the adjustment is a timing issue. The expense was reduced in FY22, but will be recorded as an expense and relieve unrestricted funds in the period the Board awards external grants.

Staff was unaware of the updated accounting standard in FY20. Otherwise, the appropriate accounting treatment would have been implemented in FY20. Also, the auditors of Lund & Guttry approved the accrual of the carryover grant funds in FY21, when the updated standard was effective.

It is common practice for communication from the audit firm to the client regarding any new accounting standards and updates. The auditors of Lund & Guttry did not make communication to staff in either FY20 or FY21 and approved the accrual of the carryover grant funds in FY21, during the time the updated standard was effective.

Original discussion with the auditors and District staff indicated the adjustment would be included in a footnote to the financial statements in the audit report. Later, the auditors identified the adjustment as a significant deficiency.

The auditors noted that the Foundation has always been properly tracking restrictions of funds and properly adhering to the restrictions placed by donors or granting agencies and properly accounting for the expense prior to the accounting standard update.

The facts are summarized below:

- Accounting Standards Update No. 2018-08 (ASU 2018-08), Not-for-Profit Entities (Topic 958)), was effective for the Foundation only during the year ended June 30, 2020.
- The update requires revised accounting for grants payable and restricted net assets.
- Staff was unaware of the update in 2020.
- The audit staff from Lund & Guttry who performed the FY20 & FY21 audits did not communicate the updated standard or make any adjustments effective for the two audit years.
- Some of the same audit staff from Lund & Guttry performed the FY22 audit with Coachella Valley Accounting & Auditing (CVAA)
- The updated standard was identified during the FY22 and adjustments were made accordingly.
- The adjustment is a timing issue creating under or overstated Net Assets, depending on the period.
- It is important to note the adjustment is an accounting adjustment and does not relate to any internal controls or financial/cash concerns.

DRAFT

DESERT HEALTHCARE FOUNDATION

PALM SPRINGS, CALIFORNIA

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

JUNE 30, 2022

DRAFT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards of Desert Healthcare Foundation for the year ended June 30, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of Desert Healthcare Foundation for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of Desert Healthcare Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Desert Healthcare Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

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

November 21, 2022
La Quinta, CA

DRAFT

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

Board of Directors
Desert Healthcare Foundation
Palm Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Desert Healthcare Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Desert Healthcare Foundation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Desert Healthcare Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Desert Healthcare Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

November 21, 2022

La Quinta, CA

DRAFT

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

Board of Directors
Desert Healthcare Foundation
Palm Springs, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Desert Healthcare Foundation’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Desert Healthcare Foundation’s major federal programs for the year ended June 30, 2022. Desert Healthcare Foundation’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Desert Healthcare Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and audit requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standard and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Desert Healthcare Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Desert Healthcare Foundation’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contract or grant agreements applicable to Desert Healthcare Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Desert Healthcare Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Desert Healthcare Foundation's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Desert Healthcare Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Desert Healthcare Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Desert Healthcare Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

La Quinta, CA

November 21, 2022

DESERT HEALTHCARE FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

Federal Grantor/Pass-Through Agency/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed-through from Riverside County			
Epidemiology and Laboratory Capacity for Infectious Diseases - COVID-19	93.323		\$ <u>1,481,551</u> *
 Total U.S. Department of Health and Human Services			
			Total Expenditures of Federal Awards \$ <u>1,481,551</u>

** Note: It was determined in the 21/22 fiscal year audit that \$237,946 was indicated as expended in the June 30, 2021 Schedule of Federal Expenditures of Federal Awards (SEFA), however, the expenses related to that amount were not incurred until the 21/22 fiscal year. Therefore, the amount was indicated above correctly and the prior SEFA should have excluded this amount. The change does not represent a compliance issue and merely a timing difference as the funds were properly expended for the intended purpose.*

(See accompanying notes to Schedule of Expenditures of Federal Awards)

DESERT HEALTHCARE FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Desert Healthcare Foundation under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Desert Healthcare Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Desert Healthcare Foundation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

DESERT HEALTHCARE FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

DESERT HEALTHCARE FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

B. Findings – Financial Statements Audit

Finding No. 2022-001: Grants Payable and Restricted Net Assets (Significant Deficiencies)

Criteria: Desert Healthcare Foundation awards grants to other organizations. At the time the award is approved by the Board of Directors, the Organization incurs the grant payable liability. Additionally, when donors or granting agencies provide the Organization with funding for a specific purpose, those funds are recognized as restricted revenue and released from restrictions when expended for the specific purpose.

Condition: The Organization was recording a liability for grants payable for designated initiatives before the Board of Directors had awarded the funds to a specific organization in an effort to show that the funds had been designated by the Board of Directors or restricted by the donor or granting agency, for the purpose of distribution to other organizations. The Organization had not implemented Accounting Standards Update No. 2018-08 (ASU 2018-08), Not-for-Profit Entities (Topic 958) that was effective for the Organization during the year ended June 30, 2020.

Effect or Potential Effect: The recording of the grant expense causes a timing issue for when the revenue and expense is properly recorded. When the Organization received restricted grants, the revenues were recorded. However, a corresponding grants payable (and expense) was recorded to signify the restriction of the funds. The result of this treatment caused overstated/understated net assets depending on the year. The result of implementing the accounting standard for the year ending June 30, 2022, resulted in a restatement for prior year's net assets totaling \$3,445,048 and adjustments totaling \$1,546,077 that reduced grant expense for the year. However, it is important to indicate that the Organization has always been properly tracking restrictions of funds and properly adhering to the restrictions placed by donors or granting agencies and properly accounting for the expense prior to the accounting standard update. It is also important to note that the auditors for the FY20 and FY21 audits acknowledged the recording of the grant expense and the grant liability was acceptable.

Recommendation: The Organization has already implemented the process for proper accounting treatment for the funds.

View of Responsible Officials and Planned Corrective Action: The Organization was audited by some of the same audit personnel in FY20 and FY21 to which the deficiency was not identified and implemented. Management recognizes its oversight of implementing the revised standard. The recommended correction has been made for the proper treatment of restricted grants and grants payable per the Accounting Standards Update No. 2018-08. It is important to note this is an accounting related adjustment and is not related to any internal control or financial concerns.

DESERT HEALTHCARE FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

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

There were no findings and questioned costs for the year ended June 30, 2021.

FEDERAL COMPLIANCE

There were no prior year findings and questioned costs for the year ended June 30, 2021.

DRAFT

DESERT HEALTHCARE FOUNDATION

PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2022

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2021

DESERT HEALTHCARE FOUNDATION

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DRAFT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Desert Healthcare Foundation (Foundation), is not-for-profit organization and component unit of Desert Healthcare District, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Desert Healthcare Foundation. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Desert Healthcare Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the 2019/2020 year the Foundation adopted accounting guidance related to the presentation of donor restricted grants/contributions versus grant liabilities/deferred revenue. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Desert Healthcare Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Desert Healthcare Foundation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, on our consideration of Desert Healthcare Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Desert Healthcare Foundation's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Desert Healthcare Foundation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statement of Desert Healthcare Foundation for the year ended June 30, 2021, were audited by other auditors whose report was dated October 14, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

November 21, 2022
La Quinta, CA

DESERT HEALTHCARE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

DRAFT

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2021

	Totals	
	2022	2021 (Memorandum Only) <i>Restated</i>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 516,636	\$ 1,348,623
Grants receivable	2,217,209	1,122,500
Prepaid expenses	3,000	2,500
Accrued interest and dividend receivable	-	17,221
Total current assets	2,736,845	2,490,844
 OTHER ASSETS		
Contributions receivable - charitable remainder trusts	188,389	200,809
Investments	4,181,156	5,617,879
Total other assets	4,369,545	5,818,688
 TOTAL ASSETS	\$ 7,106,390	\$ 8,309,532
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current liabilities		
Accounts payable and accrued payroll	\$ 12,973	\$ 144,954
Grants payable - current	795,028	1,772,234
Total current liabilities	808,001	1,917,188
Long-term liabilities		
Grants payable - long-term	200,000	249,356
Total long-term liabilities	200,000	249,356
 TOTAL LIABILITIES	1,008,001	2,166,544
 NET ASSETS		
Without donor restrictions	399,057	1,683,904
Without donor restrictions - Board designated	1,544,156	1,039,156
With donor restrictions	4,155,176	3,419,928
Total net assets	6,098,389	6,142,988
 TOTAL LIABILITIES AND NET ASSETS	\$ 7,106,390	\$ 8,309,532

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

DESERT HEALTHCARE FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2022	2021 (Memorandum Only) <i>Restated</i>
REVENUES AND GAINS				
Contributions	\$ 40,275	\$ -	\$ 40,275	\$ 189,655
Grants	168,605	2,000,000	2,168,605	3,724,999
Bequests	57,080	-	57,080	56,364
Interest and dividends	138,889	-	138,889	185,407
Investment (loss) gain	(498,074)	-	(498,074)	477,291
Change in value - charitable trust	-	(12,420)	(12,420)	13,511
Net assets released from restrictions	<u>1,252,332</u>	<u>(1,252,332)</u>	<u>-</u>	<u>-</u>
Total revenues and gains	<u>1,159,107</u>	<u>735,248</u>	<u>1,894,355</u>	<u>4,647,227</u>
EXPENSES				
Grants and social services	1,317,894	-	1,317,894	2,912,912
Management and general	<u>565,599</u>	<u>-</u>	<u>565,599</u>	<u>834,399</u>
Total expenses	<u>1,883,493</u>	<u>-</u>	<u>1,883,493</u>	<u>3,747,311</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(724,386)</u>	<u>735,248</u>	<u>10,862</u>	<u>899,916</u>
NET ASSETS, BEGINNING OF YEAR				
as previously stated	2,723,060	3,419,928	6,142,988	1,980,509
PRIOR YEAR RESTATEMENT	<u>(55,461)</u>	<u>-</u>	<u>(55,461)</u>	<u>3,262,563</u>
NET ASSETS, BEGINNING OF YEAR, restated	<u>2,667,599</u>	<u>3,419,928</u>	<u>6,087,527</u>	<u>5,243,072</u>
NET ASSETS, END OF YEAR	<u>\$ 1,943,213</u>	<u>\$ 4,155,176</u>	<u>\$ 6,098,389</u>	<u>\$ 6,142,988</u>

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

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021

			Totals	
	<u>Grants and Services</u>	<u>Management and General</u>	<u>2022</u>	<u>2021 (Memorandum Only) <i>Restated</i></u>
Grants and social services	\$ 1,317,894	\$ -	\$ 1,317,894	\$ 2,912,912
Management and general expenses	<u>-</u>	<u>565,599</u>	<u>565,599</u>	<u>834,399</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,317,894</u>	<u>\$ 565,599</u>	<u>\$ 1,883,493</u>	<u>\$ 3,747,311</u>

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

DESERT HEALTHCARE FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

WITH SUMMARIZED COMPARATIVE TOTALS AT JUNE 30, 2021

	2022	2021 (Memorandum Only) <i>Restated</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 10,862	\$ 899,916
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Unrealized loss (gain) on investments	498,074	(477,291)
(Increase) decrease in operating assets:		
Grants receivable	(1,094,709)	(1,122,500)
Prepaid expenses	(500)	500
Contributions receivable	12,420	(13,511)
Accrued interest and dividends receivable	17,221	1,710
Increase (decrease) in operating liabilities		
Accounts payable and accrued payroll	(131,981)	44,487
Grants payable	(1,026,562)	989,929
Net cash (used) provided by operating activities	(1,715,175)	323,240
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(1,455,823)	(1,410,165)
Proceeds from the sale of investments	2,339,011	1,290,259
Net cash provided (used) by investing activities	883,188	(119,906)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(831,987)	203,334
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,348,623	1,145,289
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 516,636	\$ 1,348,623

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

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

DRAFT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Financial Statement Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net Assets without Donor Restrictions: Net assets that is not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets Without Donor Restrictions – Board Designated: These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Foundation. The Board of Directors designated funds were \$1,544,156 and \$1,039,156 as of June 30, 2022 and 2021, respectively.

Net assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the non-profit organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation has net assets with donor restrictions of \$4,155,176 and \$3,419,928 at June 30, 2022 and 2021, respectively. (See note 6)

Donated Facilities and Services

The District has provided to the Foundation the use of its office facilities at no charge. For the fiscal year ended June 30, 2022 the District allocated to the Foundation related to personnel charges. (See note 7) The value of the on-site facilities is not reflected in these statements, as they do not meet the criteria for recognition.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

DRAFT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Contributions

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

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

Cash and Cash Equivalents

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

Use of Estimates

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

Investments

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

Income Taxes

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

Memorandum Totals

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

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

DRAFT

2. IMPLEMENTATION OF ACCOUNTING STANDARDS UPDATE AND PRIOR YEAR RESTATEMENT

FASB issued Accounting Standards Update No. 2018-08 (ASU 2018-08), Not-for-Profit- Entities (Topic 958). The purpose of ASU 2018-08 is to clarify and improve the scope and accounting guidance for contributions received and contributions made. This guidance provides clarification on the definition of exchange transactions with the intention to improve consistency in the treatment of revenue recognition for Not-for-Profit-Entities. Under this guidance contributions received with donor-imposed restrictions limiting the purpose, time or use of contributions are recognized in the period received. The amendment in ASU has been applied on a retrospective basis, increasing donor restricted net assets by \$3,419,928 and decreasing net assets without donor restriction by \$157,365 for a total restatement of total net assets of \$3,262,563, as of June 30, 2020. Additionally, a restatement to correct expenses accrued for but not incurred totaling \$237,946, combined with the implementation of ASU 2018-08 for a net decrease to net assets without donor restriction of \$55,461 for the year ended June 30, 2021.

3. FAIR VALUE MEASUREMENTS

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

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. At June 30, 2022 and 2021, all marketable securities are measured at fair value on a recurring basis and were valued at Level 1 inputs. Fair value for marketable securities at June 30, 2022 and 2021 were \$4,181,156 and \$5,617,879 (see Note 4).

4. CASH AND INVESTMENTS

Demand Deposits

The carrying amounts at June 30, 2022, of the Foundation's cash deposits were \$516,636. Occasionally, the Foundation's cash balance in banks exceeds the Federal Deposit Insurance Corporation's insurance limits but management does not expect any significant credit risk relating to cash.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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4. CASH AND INVESTMENTS – (Continued)

Investments

Investments consisted of the following at June 30:

	2022			2021		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain
Corporate bonds	\$ 1,353,521	\$ 1,264,440	\$ (89,081)	\$ 1,643,690	\$ 1,715,982	\$ 72,292
US Government agencies	639,060	563,611	(75,449)	1,104,883	1,135,924	31,041
Mutual funds	-	-	-	266,476	269,243	2,767
Marketable securities	1,879,958	2,353,105	473,147	1,694,882	2,496,730	801,848
Total investments	\$ 3,872,539	\$ 4,181,156	\$ 308,617	\$ 4,709,931	\$ 5,617,879	\$ 907,948

5. CHARITABLE REMAINDER TRUSTS

The Foundation was named beneficiary to two charitable remainder unitrusts (whose trustees are someone other than the Foundation), all of which are recorded at fair value. The balances at June 30, 2022 and 2021 amounted to \$188,389 and \$200,809, respectively, and general terms of the trusts are as follows:

Trust 4 (dated October 3, 1989): The lesser of the trust income or 8% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, 50% of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for cancer treatment, or for general purposes if a cure for cancer has been found. At December 31, 2018, which is the most current information available, the estimated present value of future cash flows was \$126,022.

Trust 7 (dated May 17, 1990): 8.5% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, all of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for general purposes. The estimated present value of future cash flows at June 30, 2022 and 2021 were \$62,367 and \$74,787, respectively.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

DRAFT

6. NET ASSETS – WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
<u>Subject to expenditure for specified purpose:</u>		
Behavioral Health Initiative Collective Fund	\$ 3,297,169	\$ 1,752,356
Pulmonary Services	530,944	558,427
Healthcare Needs of Black Communities	-	525,000
Charitable Remainder Trust	126,022	126,022
West Valley Homelessness Initiative	71,557	73,214
Health Portal	67,117	72,176
CARES/ELC -Administrative Costs	-	237,946
<u>Subject to the passage of time:</u>		
Charitable Remainder Trust	62,367	74,787
Net Assets – with donor restrictions	<u>\$ 4,155,176</u>	<u>\$ 3,419,928</u>

7. RELATED PARTY TRANSACTIONS

The Foundation and the Desert Healthcare District are related parties. The Foundation is organized to provide health and welfare assistance to Coachella Valley residents in need. The District donated funds of \$2,000,000 to the Foundation during the year ended June 30, 2022 to help fulfill their purpose. During the year ended June 30, 2022 the District provided the Foundation with office space and personnel of \$534,792, of which \$366,776 is included in management and general expense and \$168,016 is included in grants and social services expense. During the year ended June 30, 2021, the District provided the Foundation with office space and personnel of \$415,872, which is included in management and general expense.

Grants receivable from the District as of June 30, 2022 amounted to \$2,000,000 and accounts payable to the District in the amount of \$1,083.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

DRAFT

8. GRANTS PAYABLE

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

<u>Grants</u>	<u>2022</u>	<u>2021</u>
Improving Healthcare Access in Black Communities	\$ 610,000	\$ -
Pulmonary Services	189,337	236,590
One Futures – Black and African American Scholarship	-	155,000
West Valley Homelessness Initiative	22,500	522,500
Other	-	5,000
	<u>821,837</u>	<u>919,090</u>
 <u>COVID-19 Related Grants</u>		
Lideres Campesinas	35,000	200,000
El Sol Neighborhood Education Center	40,305	170,000
Todec Legal Center	48,688	170,000
Alianza Coachella Valley	6,901	131,250
Vision Y Compromiso	-	130,000
Pueblo Unido CDC	-	125,000
Youth Leadership Institute	5,153	91,250
Galilee Center	37,144	85,000
	<u>173,191</u>	<u>1,102,500</u>
 Total grants payable	 <u>\$ 995,028</u>	 <u>\$ 2,021,590</u>
 Grants payable - current	 <u>\$ 795,028</u>	 <u>\$ 1,772,234</u>
Grants payable – long-term	<u>200,000</u>	<u>249,356</u>
	<u>\$ 995,028</u>	<u>\$ 2,021,590</u>

During the year ended June 30, 2021, the Foundation entered into subrecipient agreement with the County of Riverside for a total of \$2,400,000 for the time period of October 29, 2020 through March 31, 2022. The agreement was amended in April 1, 2022 to extend the contract term to December 31, 2022 and increase the contract by \$750,000 to a total of \$3,150,000. The Foundation will operate as a Fiscal Intermediary for the County of Riverside to distribute funds to Community Based Organization (CBOs) and Faith-Based Organization (FBOs) in the Coachella Valley. The funding intends to support the work of CBOs and FBOs in the prevention, identification, and mitigation of COVID-19, and to assist with coordinating collaborative efforts to address COVID-19 related needs in communities that have been disproportionately impacted by disease.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

DRAFT

8. GRANTS PAYABLE – (Continued)

The funding being passed through the County of Riverside is federally funded by two sources “Coronavirus Aid, Relief, and Economic Security (CARES) Act and Center for Disease Control and Prevention Epidemiology and Laboratory Capacity (ELC) Enhancing Detection”. The Foundation has provided \$2,063,191 in funding to CBOs in the Coachella Valley and \$521,809 remains to be provided to the CBOs. As part of the subrecipient agreement, the Foundation will receive a total of \$565,000 to cover administrative costs which represents approximately 18% of the funds provided to the CBOs.

9. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are as follows:

Financial assets:		
Cash	\$	516,636
Investments		4,181,156
Grants receivable		2,217,209
Accrued interest and dividend receivable		-
Contributions receivable – CRT		188,389
Total financial assets		7,103,390
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (Note 6)		(4,155,176)
Board designated funds (Note 1)		(1,544,156)
Interest in charitable remainder trust (Note 5)		(188,389)
Amount available for general expenditures within one year	\$	1,215,669

The above table reflects donor-restricted and board-designated funds as unavailable because it is the Foundation’s intention to invest resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from the purpose-restricted funds available for general use. As part of the Foundation’s liquidity management plan, they invest cash in excess of daily requirements in short-term investments (Note 4).

10. SUBSEQUENT EVENTS

The Foundation evaluated all potential subsequent events as of November 21, 2022 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2022 or as of November 21, 2022 that require disclosure to the financial statements.