

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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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.

The image shows a handwritten signature in cursive script. The text reads "Coachella Valley" on the top line and "Accounting & Auditing" on the bottom line. The signature is written in black ink on a white background.

November 21, 2022
La Quinta, CA

DESERT HEALTHCARE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

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

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

	Without Donor Restrictions	With Donor Restrictions	Totals	
			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

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

			Totals	
	Grants and Services	Management and General	2022	2021 (Memorandum Only) <i>Restated</i>
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

WITH SUMMARIZED COMPARATIVE TOTALS AT JUNE 30, 2021

	<u>2022</u>	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	<u>(1,026,562)</u>	<u>989,929</u>
Net cash (used) provided by operating activities	<u>(1,715,175)</u>	<u>323,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(1,455,823)	(1,410,165)
Proceeds from the sale of investments	<u>2,339,011</u>	<u>1,290,259</u>
Net cash provided (used) by investing activities	<u>883,188</u>	<u>(119,906)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(831,987)	203,334
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,348,623</u>	<u>1,145,289</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 516,636</u>	<u>\$ 1,348,623</u>

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

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

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

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

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	<u>\$ 3,872,539</u>	<u>\$ 4,181,156</u>	<u>\$ 308,617</u>	<u>\$ 4,709,931</u>	<u>\$ 5,617,879</u>	<u>\$ 907,948</u>

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

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	<u>62,367</u>	<u>74,787</u>
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

8. GRANTS PAYABLE

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

<u>Grants</u>	2022	2021
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	 \$ 795,028	 \$ 1,772,234
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

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		<u>7,103,390</u>
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	\$	<u><u>1,215,669</u></u>

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