



DESERT HEALTHCARE FOUNDATION
Finance, Legal, Administration, & Real Estate Committee
October 11, 2023

The Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 6:00 PM, or immediately following the F&A Committee District meeting Wednesday, October 11, 2023 via Zoom using the following link:

<https://us02web.zoom.us/j/83743788340?pwd=VXljcEdUMWtLa3NvdHd3SGRXa0Mzd09>
Password: 108761

Members of the public can also participate by telephone, using the following dial in information:

Dial in #:(669) 900-6833 or (888) 788-0099
Webinar ID: 837 4378 8340
Password: 108761

AGENDA

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. PUBLIC COMMENT

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

IV. APPROVAL OF MINUTES

ACTION

- 1. F&A Meeting Minutes – September 13, 2023 – Pg. 2

V. CEO REPORT

Information

VI. FINANCIAL REPORT

ACTION

- 1. Financial Statements – Pg. 3-7
- 2. Deposits – Pg. 8
- 3. Check Register – Pg. 9
- 4. Credit Card Expenditures – Pg. 10
- 5. General Grants Schedule – Pg. 11-12

VII. OTHER MATTERS

- 1. Craig Hartzheim – Moss Levy & Hartzheim – FY 2023 Audit Report – Pg. – 13-28
(Reports presented during the District F&A 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
September 13, 2023

Directors Present via Video Conference	District Staff Present via Video Conference	Absent
Vice-President Carmina Zavala, PsyD Director Leticia De Lara, MPA	Chris Christensen, Chief Administration Officer Donna Craig, Chief Program Officer Alejandro Espinoza, Chief of Community Engagement Eric Taylor, Accounting Manager Andrea S. Hayles, Board Relations Officer	Chair/Treasurer Arthur Shorr Conrado E. Bázquez, MD, Chief Executive Officer

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Director De Lara called the meeting to order at 6:01 p.m.	
II. Approval of Agenda	Director De Lara asked for a motion to approve the agenda.	Moved and seconded by Vice-President Zavala and Director De Lara to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment	
IV. Approval of Minutes 1. Minutes – Meeting July 19, 2023	Director De Lara asked for a motion to approve the minutes of the July 19, 2023, F&A Committee meeting.	Moved and seconded by Vice-President Zavala and Director De Lara to approve the July 19, 2023, 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	Chris Christensen, CAO, reviewed the July and August financials with the committee describing the restricted funds and grants payables, check register, and the grants payment schedule.	Moved and seconded by Vice-President Zavala and Director De Lara to approve the July and August 2023 financials and forward to the board for approval. Motion passed unanimously.
VII. Other Matters	There are no other matters.	
VIII. Adjournment	Director De Lara adjourned the meeting at 6:16 p.m.	Audio recording available on the website at http://dhcd.org/Agendas-and-Documents

ATTEST: _____
 Leticia De Lara, Director, Board of Directors
 Finance & Administration Committee Chair
 Desert Healthcare Foundation Board of Directors

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

DESERT HEALTHCARE FOUNDATION					
SEPTEMBER 2023 FINANCIAL STATEMENTS					
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Statement of Operations					
Balance sheet					
Allocation of Restricted Funds					
Deposit Detail					
Check Register					
Credit Card Expenditures					
Schedule of Grants					

Desert Healthcare Foundation
Profit & Loss Budget vs. Actual
 July through September 2023

	MONTH			TOTAL		
	Sep 23	Budget	\$ Over Budget	Jul - Sep 23	Budget	\$ Over Budget
Income						
4000 · Gifts and Contributions	10	10,833	(10,823)	28,222	32,499	(4,277)
4003 · Grants	267,543	185,333	82,210	1,133,845	555,999	577,846
4116 · Bequests - Frederick Lowe	296	5,000	(4,704)	15,162	15,000	162
4130 · Misc. Income	0	83	(83)	0	249	(249)
8015 · Investment Interest Income	12,320	12,500	(180)	29,792	37,500	(7,708)
8040 · Restr. Unrealized Gain/(Loss)	(147,365)	(8,333)	(139,032)	(148,771)	(24,999)	(123,772)
Total Income	132,804	205,416	(72,612)	1,058,250	616,248	442,002
Expense						
5001 · Accounting Services Expense	1,159	1,167	(8)	3,477	3,501	(24)
5035 · Dues & Memberships Expense	27	42	(15)	27	126	(99)
5057 · Investment Fees Expense	3,824	4,167	(343)	11,616	12,501	(885)
5065 · Legal Costs Ongoing Expense	0	83	(83)	0	249	(249)
5101 · DHCD-Exp Alloc Wages& benefits	33,148	33,148	0	99,444	99,444	0
5101.1 · DHCD Labor Allocation to Grants	(14,349)	(14,349)	0	(43,047)	(43,047)	0
5102 · DHCD-Expenses - CVEC	18,132	36,237	(18,105)	74,979	108,711	(33,732)
5106 · Marketing & Communications	5,224	2,917	2,307	5,224	8,751	(3,527)
5110 · Other Expenses	523	417	106	1,122	1,251	(129)
5115 · Postage & Shipping Expense	0	8	(8)	0	24	(24)
5120 · Professional Fees Expense	0	83	(83)	0	249	(249)
8051 · Major grant expense	63,632	222,833	(159,201)	138,904	668,499	(529,595)
8052 · Grant Expense - Collective/Mini	0	2,500	(2,500)	0	7,500	(7,500)
Total Expense Before Social Services	111,320	289,253	(177,933)	291,746	867,759	(576,013)
5054 · Social Services Fund	6,000	10,000	(4,000)	6,000	30,000	(24,000)
Net Income	15,484	(93,837)	109,321	760,504	(281,511)	1,042,015

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of September 30, 2023

				Sep 30, 23	Sep 30, 22
ASSETS					
Current Assets					
Checking/Savings					
100 - CASH					
150 - Petty Cash				207	200
151 - Checking - Union Bank 7611				0	1,938,692
152 - Checking - Union Bank 8570				0	203,385
153 - Checking - US Bank - 7094				830,785	0
154 - Checking - US Bank - 4946				192,961	0
Total Checking/Savings				1,023,953	2,142,277
Total Accounts Receivable				300,613	126,259
Other Current Assets					
476-486 - INVESTMENTS					
477 - Morgan Stanley-Investments					
477.2 - Unrealized Gain/(Loss)				(287,416)	(268,734)
477 - Morgan Stanley-Investments - Other				2,074,229	2,054,379
Total 477 - Morgan Stanley-Investments				1,786,813	1,785,645
486 - Merrill Lynch					
486.1 - Merrill Lynch Unrealized Gain				465,089	328,057
486 - Merrill Lynch - Other				2,179,694	2,009,649
Total 486 - Merrill Lynch				2,644,783	2,337,706
Total 476-486 - INVESTMENTS				4,431,596	4,123,351
500 - CONTRIBUTIONS -RCVB -CRTS					
515 - Contrib RCVB-Pressler CRT				70,118	62,367
530 - Contrib RCVB-Guerts CRT				126,022	126,022
Total 500 - CONTRIBUTIONS -RCVB -CRTS				196,140	188,389
601 - Prepaid Payables				7,874	7,695
Total Other Current Assets				4,635,610	4,319,435
TOTAL ASSETS				5,960,176	6,587,971

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of September 30, 2023

				Sep 30, 23	Sep 30, 22
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
			1000 - Accounts Payable	177	23,566
			1052 - Account payable-DHCD Exp Alloc	0	43,815
			Total Accounts Payable	177	67,381
Other Current Liabilities					
			2183 - Grants Payable-COVID-CARES PHI	129,890	169,903
			2190 - Current - Grants payable	1,523,145	257,744
			Total Other Current Liabilities	1,653,035	427,647
			Total Current Liabilities	1,653,212	495,028
Long Term Liabilities					
			2186 - Grants payable	0	200,000
			Total Liabilities	1,653,212	695,028
Equity					
			3900 - Retained Earnings	3,546,460	6,098,389
			Net Income	760,504	(205,444)
			Total Equity	4,306,964	5,892,945
TOTAL LIABILITIES & EQUITY				5,960,176	6,587,971

DESERT HEALTHCARE FOUNDATION					
BALANCE SHEET 09/30/23					
ALLOCATION OF MAJOR CATEGORIES/LIABILITIES					
		T/B	GENERAL Fund	Restricted Funds	Trusts
ASSETS					
	150 - Petty Cash	207	207	-	-
	153 - Checking - US Bank 7094*	830,785	830,608	177	-
	154 - Checking - US Bank 4946	192,961	129,700	63,261	-
	Total 100 - CASH - UNRESTRICTED	1,023,953	960,515	63,438	-
Accounts Receivable					
	321 - Accounts Receivable - Other	300,613	-	300,613	-
	Total Accounts Receivable	300,613	-	300,613	-
477 - Invt-Morgan Stanley					
	477.2 - Unrealized Gain	(287,416)	-	(287,416)	-
	477 - Invt-Morgan Stanley	2,074,229	1,984,577	89,652	-
	Total 477 - Invt-Morgan Stanley	1,786,813	1,984,577	(197,764)	-
6441	486.1 - Merrill Lynch Unrealized Gain	465,089	-	465,089	-
	486 - Merrill Lynch	2,179,694	-	2,179,694	-
	Total 486 - Merrill Lynch	2,644,783	-	2,644,783	-
	515 - Contrib RCVB-Pressler CRT	70,118	-	-	70,118
	530 - Contrib RCVB-Guerts CRT	126,022	-	-	126,022
	601 - Prepaid payables	7,874	7,874	-	-
	Total Current Assets	5,960,176	2,952,966	2,811,070	196,140
	TOTAL ASSETS	5,960,176	2,952,966	2,811,070	196,140
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
	1000 - Accounts Payable	177	-	177	-
	1052 - Account Payable - DHCD - Alloc Expenses	-	-	-	-
	2183 - Grants Payable-COVID-CARES PHI	129,890	-	129,890	-
	2190 - Grants Payable - Current Portion	1,523,145	-	1,523,145	-
	Total Current Liabilities	1,653,212	-	1,653,212	-
	2186 - Grant Payable - Long Term	-	-	-	-
	Total Liabilities	1,653,212	-	1,653,212	-
Equity					
	3900 - Retained Earnings	3,546,460	2,192,462	1,157,858	196,140
	Net Income	760,504	760,504	-	-
	Total Equity	4,306,964	2,952,966	1,157,858	196,140
	TOTAL LIABILITIES & EQUITY	5,960,176	2,952,966	2,811,070	196,140
* Restricted funds include Accounts Payable					

Desert Healthcare Foundation
Deposit Detail
September 2023

Type	Date	Name	Account	Amount
Deposit	09/06/2023		154 - Checking - US Bank - 4946	2,379
Payment	09/06/2023	Riverside County - Public Health - RODA Grant	1499 - Undeposited Funds	(2,379)
TOTAL				(2,379)
Deposit	09/14/2023		153 - Checking - US Bank - 7094	296
		Warner Music Group Services	4116 - Bequests - Frederick Lowe	(296)
TOTAL				(296)
Deposit	09/15/2023		154 - Checking - US Bank - 4946	12,527
Payment	09/15/2023	Riverside County - Public Health - RODA Grant	1499 - Undeposited Funds	(12,527)
TOTAL				(12,527)
Deposit	09/15/2023		153 - Checking - US Bank - 7094	18,856
Payment	09/15/2023	Inland Empire Health Plan - Connect IE Agreement	1499 - Undeposited Funds	(18,856)
TOTAL				(18,856)
Deposit	09/20/2023		153 - Checking - US Bank - 7094	12,128
Payment	09/20/2023	Inland Empire Health Plan - Connect IE Agreement	1499 - Undeposited Funds	(12,128)
TOTAL				(12,128)
Deposit	09/28/2023		153 - Checking - US Bank - 7094	10
		Misc.	4000 - Gifts and Contributions	(10)
TOTAL				(10)
Deposit	09/29/2023		154 - Checking - US Bank - 4946	92,961
Payment	09/29/2023	Riverside County - Public Health - Covid Disparities Grant	1499 - Undeposited Funds	(92,961)
TOTAL				(92,961)
			TOTAL	139,157

Desert Healthcare Foundation
Check Register
As of September 30, 2023

Type	Date	Num	Name	Amount
100 - CASH				
153 - Checking - US Bank - 7094				
Bill Pmt -Check	09/05/2023	5488	KUNA-TV Telemundo 15	(2,020)
Bill Pmt -Check	09/05/2023	5489	Borrego Community Health Foundation - Grant Payment	(14,301)
Bill Pmt -Check	09/12/2023	5490	Moss, Levy & Hartzheim LLP	(5,000)
Bill Pmt -Check	09/12/2023	5491	TOP Shop	(315)
Bill Pmt -Check	09/14/2023	5492	Sergio Rodriguez - Expense Reimbursement	(243)
Bill Pmt -Check	09/19/2023	5493	U.S. Bank	(6,557)
Check	09/20/2023		Bank Service Charge	(523)
Bill Pmt -Check	09/26/2023	5494	Alejandro Espinoza - Expense Reimbursement	(1,084)
Bill Pmt -Check	09/26/2023	5495	Desert Regional Medical Ctr Aux - Social Services Payment	(6,000)
Bill Pmt -Check	09/29/2023	IB 092923	Desert Healthcare District	(152,560)
Total 153 - Checking - US Bank - 7094				(188,603)
154 - Checking - US Bank - 4946				
Bill Pmt -Check	09/19/2023	1117	ABC Recovery Center - Grant Payment	(9,054)
TOTAL				(197,657)

DESERT HEALTHCARE FOUNDATION							
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE							
September 30, 2023							
TWELVE MONTHS ENDING JUNE 30, 2024							
A/C 2190 and A/C 2186-Long term			6/30/2023	New Grants		9/30/2023	
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		\$ 1,496		\$ 1,496	\$ -	HP-cvHIP
BOD - 04/24/18 & 06/28/22	Behavioral Health Initiative Collective Fund + Expansion		\$ 1,932,903		\$ 44,229	\$ 1,888,674	Behavioral Health
BOD - 06/26/18 BOD	Avery Trust Funds-Committed to Pulmonary services		\$ 532,243		\$ 24,960	\$ 507,283	Avery Trust
BOD - 6/25/19 BOD (#1006)	DHCD - Homelessness Initiative Collective Fund		\$ 71,557		\$ -	\$ 71,557	Homelessness
BOD - 07/27/21 BOD (#1288)	Borrego Community - Improving Access to Healthcare - 3 yrs		\$ 423,971		\$ 14,301	\$ 409,670	
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			\$ 4,506,326	\$ -	\$ 84,986	\$ 4,421,340	
Summary: As of 09/30/2023				Uncommitted & Available			
Health Portal (CVHIP):	\$ -	\$ -					
Behavioral Health Initiative Collective Fund	\$ 1,888,674	\$ 622,330					
Avery Trust - Pulmonary Services	\$ 507,283	\$ 485,283					
West Valley Homelessness Initiative	\$ 71,557	\$ 71,557					
Healthcare Needs of Black Communities	\$ 409,670	\$ -					
Prior Year Commitments & Carry-Over Funds	\$ 1,544,156	\$ 1,544,156					
Total	\$ 4,421,340	\$ 2,723,326					
Amts available/remaining for Grant/Programs - FY 2023-24:				FY24 Grant Budget		Social Services Fund #5054	
Amount budgeted 2023-2024		\$ 30,000	\$ 30,000			Budget	\$ 120,000
Amount granted year to date		\$ -	\$ -			DRMC Auxiliary	\$ 6,000
Mini Grants:						Eisenhower	
Net adj - Grants not used:	1046	\$ 40				Balance Available	\$ 114,000
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		\$ 1,574,196					

DESERT HEALTHCARE FOUNDATION								
OUTSTANDING PASS-THROUGH GRANTS AND GRANT PAYMENT SCHEDULE								
September 30, 2023								
FISCAL YEAR ENDING JUNE 30, 2024								
			TOTAL	6/30/2023	Current Yr	Total Paid	9/30/2023	Remaining
Grant ID Nos.	Name		Grant	Open	2023-2024	July-June	Payable	Funds
				BALANCE			BALANCE	BALANCE
BOD - 11/22/22 - Resolution 22-28 Approval*	Covid Disparities RFP							
Contract #22-323B*	Total CBOs		\$ 822,096	\$ 657,769	\$ -	\$ 130,966	\$ 126,893	\$ 530,876
	Total DHCF		\$ 443,871	\$ 301,323	\$ -	\$ 47,807	\$ 62,787	\$ 238,536
	TOTAL		\$ 1,265,967	\$ 959,092	\$ -	\$ 178,773	\$ 189,681	\$ 769,411
BOD - 02/28/23 - Riverside Overdose Data to Action (RODA) Community Harm Reduction Education Plan								
Contract #23-108*	Grant #1379 - ABC Recovery		\$ 25,000	\$ 22,857	\$ -	\$ 11,197	\$ 2,997	\$ 10,806
	Total DHCF		\$ 24,000	\$ 15,807	\$ -	\$ 11,665	\$ 7,817	\$ 4,518
TOTAL GRANTS	TOTAL		\$ 49,000	\$ 38,664	\$ -	\$ 22,863	\$ 10,814	\$ 15,324
						Account 2183	\$ 129,890	
Amts available/remaining for Grant/Programs - FY 2023-24:								
Pass-Through Organizations billed to date		\$ 138,944						Grant Funds
Foundation Administration Costs		\$ 74,076						RFP
Contributions / Additional Funding	Reimbursements received and pending	\$ (213,021)			Total Grant		\$ 1,314,967	
Balance available for Grants/Programs		\$ -			Received to Date		\$ 422,699	
*Contracts are on a reimbursement basis and will reflect expenses as they are invoiced and receivable from County of Riverside.						Balance Remaining	\$ 892,268	



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: October 11, 2023
To: Finance & Administration Committee
Subject: Moss Levy & Hartzheim – FY2023 Audit Report – Foundation

Staff Recommendation: Consideration to approve the FY2023 Audit report for the Desert Healthcare Foundation.

Background:

- Moss Levy & Hartzheim LLP performed the audits of the District, Retirement Protection Plan, & Foundation.
- During the fiscal year, the Foundation continued to receive federal funding via Riverside County and other sources.
- The A-133 single audit is due March 31, 2024 and will be completed separately.
- All audit reports will be presented during the District committee meeting. However, the Foundation report will be approved during the Foundation’s committee meeting.
- The Foundation audit received an unmodified opinion with no findings.
- Staff recommends approval of the FY2023 Audit Report for the Desert Healthcare Foundation.

Fiscal Impact:

None

DESERT HEALTHCARE FOUNDATION
PALM SPRINGS, CALIFORNIA
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2023

DESERT HEALTHCARE FOUNDATION

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management

Desert Healthcare Foundation
1140 North Indian Canyon Drive
Palm Springs, CA 92262

Opinion

We have audited the accompanying financial statements of Desert Healthcare Foundation (the Foundation) (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in net assets and its cash flows for the fiscal 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 the 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 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 the 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 the 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 the Foundation's ability to continue as a going concern for a reasonable period of time.

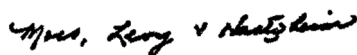
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The previous auditors have audited Foundation's financial statements as of and for the fiscal year ended June 30, 2022, and expressed an unmodified audit opinion on those audited financial statements in their report dated November 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Moss, Levy & Hartzheim, LLP
Culver City, CA
September 8, 2023

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022

	Totals	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 479,488	\$ 516,636
Grants receivable	183,530	2,217,209
Prepaid expenses	6,747	3,000
Accrued interest and dividend receivable	14,345	-
	<hr/>	<hr/>
Total current assets	684,110	2,736,845
	<hr/>	<hr/>
OTHER ASSETS		
Contributions receivable - charitable remainder trusts	196,140	188,389
Investments	4,429,454	4,181,156
Total other assets	4,625,594	4,369,545
	<hr/>	<hr/>
TOTAL ASSETS	\$ 5,309,704	\$ 7,106,390
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable and accrued payroll	\$ 21,965	\$ 12,973
Grants payable - current	1,741,281	795,028
Total current liabilities	1,763,246	808,001
	<hr/>	<hr/>
Long-term liabilities:		
Grants payable - long-term	-	200,000
Total long-term liabilities	-	200,000
	<hr/>	<hr/>
Total liabilities	1,763,246	1,008,001
	<hr/>	<hr/>
NET ASSETS		
Without donor restrictions	452,164	399,057
Without donor restrictions- Board designated	1,544,156	1,544,156
With donor restrictions	1,550,138	4,155,176
	<hr/>	<hr/>
Total net assets	3,546,458	6,098,389
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 5,309,704	\$ 7,106,390
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
REVENUES AND GAINS				
Contributions	\$ 219,714	\$ -	\$ 219,714	\$ 40,275
Grants	935,828	-	935,828	2,168,605
Bequests	57,520	-	57,520	57,080
Interest and dividends	114,841	-	114,841	138,889
Investment gains (losses)	190,543	-	190,543	(498,074)
Change in value - charitable trusts	-	7,751	7,751	(12,420)
Assets released from restrictions	2,612,788	(2,612,788)	-	-
Total revenues and gains	4,131,234	(2,605,037)	1,526,197	1,894,355
EXPENSES				
Program services	3,379,746	-	3,379,746	1,317,894
Management and general	698,382	-	698,382	565,599
Total expenses	4,078,128	-	4,078,128	1,883,493
INCREASE (DECREASE) IN NET ASSETS	53,106	(2,605,037)	(2,551,931)	10,862
NET ASSETS, BEGINNING OF FISCAL YEAR	1,943,213	4,155,176	6,098,389	6,142,988
PRIOR YEAR RESTATEMENT	-	-	-	(55,461)
NET ASSETS, BEGINNING OF FISCAL YEAR, RESTATED	1,943,213	4,155,176	6,098,389	6,087,527
NET ASSETS, END OF FISCAL YEAR	\$ 1,996,319	\$ 1,550,139	\$ 3,546,458	\$ 6,098,389

The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Totals	
			2023	2022
Grants and social services	\$ 3,379,746	\$ -	\$ 3,379,746	\$ 1,317,894
Management and general expenses	-	698,382	698,382	565,599
TOTAL FUNCTIONAL EXPENSES	\$ 3,379,746	\$ 698,382	\$ 4,078,128	\$ 1,883,493

The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (2,551,931)	\$ 10,862
Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities:		
(Gains) losses on investments	(190,543)	498,074
Increase (decrease) in operating assets:		
Grants receivable	2,033,679	(1,094,709)
Prepaid expenses	(3,747)	(500)
Contributions receivable	(7,751)	12,420
Accrued interest and dividends	(14,345)	17,221
Increase (decrease) in operating liabilities:		
Accounts payable	8,992	(131,981)
Grants payable	746,253	(1,026,562)
Net cash provided (used) by operating activities	<u>20,607</u>	<u>(1,715,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(1,001,327)	(1,455,823)
Proceeds from the sale of investments	<u>943,572</u>	<u>2,339,011</u>
Net cash provided (used) by investing activities	<u>(57,755)</u>	<u>883,188</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,148)	(831,987)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>516,636</u>	<u>1,348,623</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ 479,488</u>	<u>\$ 516,636</u>

The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 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. The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Foundation adopted the provisions of Accounting Standards Update (“ASU”) 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements for Not-for-Profit Entities. In addition, the Foundation is required to present a statement of cash flows and a statement of functional expenses. 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 are 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 \$1,544,156 as of June 30, 2023 and 2022, 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 \$1,550,139 and \$4,155,176 at June 30, 2023 and 2022, respectively.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Facilities and Services

The District has provided to the Foundation the use of its office facilities at no charge. The value of the on-site facilities is not reflected in these statements, as they do not meet the criteria for recognition. For the fiscal year ended June 30, 2023 the District allocated to the Foundation \$825,502 related to personnel charges. See Note 8 for more details.

Contributions

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

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Summarized Comparative Information

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 accounting principles generally accepted in the United States of America. 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.

Leases

The Foundation has adopted FASB ASC Topic 842, *Leases*, with a date of initial application of July 1, 2022. For leases with a lease term greater than one year, the Foundation recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Foundation determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-to-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in the Foundation's balance sheet at June 30, 2023. Operating lease right-to-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Foundation uses a risk-free rate of a period comparable with that of the lease term. The Foundation considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Foundation is reasonably certain to exercise the option, (2) terminate the lease if the Foundation is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. The Foundation had no leases as described in FASB ASC 842 as of June 30, 2023.

New Accounting Pronouncement

Effective July 1, 2022, the Foundation adopted the provisions of FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets (also referred to as gifts-in-kind) and address presentation and disclosure of those contributed nonfinancial assets. The term "nonfinancial assets" include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials, supplies, intangible assets, cryptocurrency, services, and unconditional promises of those assets. Under ASU 2020-07, organizations must present gifts-in-kind as a separate line item in the statement of activities, apart from gifts of cash and other financial assets. In addition to this presentation requirement, the gifts-in-kind must be further broken down into categories (fixed assets, supplies, contributed services, etc.) in the notes to the financial statements. For each category of contributed nonfinancial asset recognized in the financial statements, further footnote disclosures are required under the ASU, including whether the gifts-in-kind were sold or used, among other disclosures. The provisions of ASU 2020-07 must be applied on a retrospective basis (meaning that all periods presented in comparative financial statements must reflect the requirements of the new standard). Adoption of this standard had no effect on the Foundation for the fiscal year ended June 30, 2023.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022

2. 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, 2023.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and investments	\$ 479,488	\$ 516,636
Investments	4,429,454	4,181,156
Grants receivable	183,530	2,217,209
Accrued interest and dividend receivable	14,345	-
Contributions receivable - CRT	<u>196,140</u>	<u>188,389</u>
Total financial assets	5,302,957	7,103,390
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (Note 7)	(1,550,138)	(4,155,176)
Board-designated funds (Note 1)	(1,544,156)	(1,544,156)
Interest in charitable remainder trust (Note 5)	<u>(196,140)</u>	<u>(188,389)</u>
Amount available for general expenditures within one year	<u>\$ 2,012,523</u>	<u>\$ 1,215,669</u>

The above table reflects donor-restricted and board-designated funds as unavailable because it is the Foundation's intention to invest resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from the purpose-restricted funds available for general use. As part of the Foundation's liquidity management plan, they invest cash in excess of daily requirements in short-term investments (Note 3).

3. CASH AND INVESTMENTS

Demand Deposits

The carrying amounts, at June 30, 2023, of the Foundation's cash on hand was \$207, cash deposits was \$360,890, and money market funds were \$118,391. Bank balances were \$476,360 at June 30, 2023. Occasionally, the Foundation's cash balance in banks exceeds the Federal Deposit Insurance Corporation's insurance limits.

Investments

At June 30, 2023, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporate bonds	\$ 1,259,479	\$ 1,152,794	\$ (106,685)
U.S. Treasury notes	765,870	654,290	(111,580)
Marketable securities	<u>2,031,124</u>	<u>2,622,370</u>	<u>591,246</u>
Total Investments	<u>\$ 4,056,473</u>	<u>\$ 4,429,454</u>	<u>\$ 372,981</u>

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022

3. CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

At June 30, 2022, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporate bonds	\$ 1,353,521	\$ 1,264,440	\$ (89,081)
U.S. Treasury notes	639,060	563,611	(75,449)
Marketable securities	<u>1,879,958</u>	<u>2,353,105</u>	<u>473,147</u>
Total Investments	<u>\$ 3,872,539</u>	<u>\$ 4,181,156</u>	<u>\$ 308,617</u>

4. FAIR VALUE MEASUREMENTS

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

At June 30, 2023, all investments are measured at fair value on a recurring basis and were valued at Level 1 inputs (quoted prices in active markets for identical assets). Fair value for investments at June 30, 2023 was \$4,429,454. (See Note 3)

5. CHARITABLE REMAINDER TRUSTS

The Foundation was named beneficiary to two additional charitable remainder unitrusts (whose trustees are someone other than the Foundation), all of which are recorded at fair value. The balances at June 30, 2023 and 2022 amounted to \$196,140 and \$188,389, respectively, and the general terms of the two trusts are as follows:

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022

5. CHARITABLE REMAINDER TRUSTS (CONTINUED)

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, 2023, 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, 2023 was \$70,118.

6. GRANTS PAYABLE

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

	<u>2023</u>	<u>2022</u>
<u>Grants</u>		
Improving Healthcare Access in Black Communities	\$ 423,971	\$ 610,000
Avery Trust - Pulmonary	47,000	189,337
West Valley Homelessness Initiative	-	22,500
Behavioral Health Initiative Collective Fund	<u>1,137,201</u>	<u>-</u>
	<u>1,608,172</u>	<u>821,837</u>
 <u>COVID-19 Related Grants</u>		
Lideres Campesinas	-	35,000
El Sol Neighborhood Education Center	23,493	40,305
Todec Legal Center	11,752	48,688
Alianza Coachella Valley	11,275	6,901
Vision Y Compromiso	54,630	-
Youth Leadership Institute	6,808	5,153
Galilee Center	<u>23,008</u>	<u>37,144</u>
	<u>130,966</u>	<u>173,191</u>
 <u>Other Pass-Through Grants</u>		
ABC Recovery	<u>2,143</u>	<u>-</u>
	<u>2,143</u>	<u>-</u>
 Total Grants Payable	<u>\$ 1,741,281</u>	<u>\$ 995,028</u>
 Grants payable- current	1,741,281	795,028
Grants payable- long-term	-	200,000
	<u>\$ 1,741,281</u>	<u>\$ 995,028</u>

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2022

7. NET ASSETS – WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Behavioral Health Initiative Collective Fund	\$ 795,702	\$ 3,297,169
Avery Trust- Pulmonary Services	485,243	530,944
West Valley Homelessness Initiative	71,557	71,557
Health Portal	1,496	67,117
Charitable Remainder Trust	<u>126,022</u>	<u>126,022</u>
	<u>1,480,020</u>	<u>4,092,809</u>
Subject to the passage of time:		
Charitable Remainder Trust	<u>70,118</u>	<u>62,367</u>
	<u>70,118</u>	<u>62,367</u>
Net Assets - with donor restrictions	<u>\$ 1,550,138</u>	<u>\$ 4,155,176</u>

8. 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. During the fiscal year ended June 30, 2023, the District provided the Foundation with personnel services in the amount of \$650,785, of which \$461,070 is included in management and general expenses and \$189,715 is included in grants and social services expenses.

In 2020, the Desert Healthcare Foundation created the Coachella Valley Equity Collaborative (CVEC), a group of community-based organizations (CBOs). The Foundation is the recipient of external grant funds directly related to COVID-19 testing, vaccinations, and community education. The Foundation awards grants to the CBOs, directly and indirectly through other grantees. The Foundation CEO's wife, is the associate director of one of the CBO's, Vision y Compromiso. At June 30, 2023 and 2022, total grants awarded to Vision y Compromiso were \$572,000 and \$0, respectively. Total grant funds expended to Vision y Compromiso for the year ended June 30, 2023 and 2022 amounted to \$54,630 and \$130,000, respectively.

9. SUBSEQUENT EVENTS

The Foundation evaluated all potential subsequent events as of September 8, 2023 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2023 or as of September 8, 2023 that require disclosure to the financial statements.