



**DESERT HEALTHCARE FOUNDATION**  
**Finance, Legal, Administration, & Real Estate Committee Meeting**  
**October 8, 2019**

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare Foundation will be held at 3:30 PM (or immediately following the adjournment of the Desert healthcare District's F&A Committee meeting) Tuesday, October 8, 2019, in the conference room on the 2<sup>nd</sup> floor of the Jerry Stergios Building, 1140 N. Indian Canyon Drive, Palm Springs, California.

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**AGENDA**

**I. CALL TO ORDER**

**II. APPROVAL OF AGENDA**

**III. PUBLIC COMMENT**

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

**IV. APPROVAL OF MINUTES**

**ACTION**

1. Minutes – Meeting September 10, 2019 - Pg. 2

**V. CEO REPORT**

**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

**VII. OTHER MATTERS**

1. Craig Hartzheim – Moss Levy & Hartzheim – FY 2019 Audit Report – Pg. 12-24  
(Will be presented along with the District and RPP audit reports during the District's meeting)

**ACTION**

**VIII. ADJOURNMENT**

*If you have any disability which would require accommodation to enable you to participate in this meeting, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer, at [ahayles@dhcd.org](mailto:ahayles@dhcd.org) or call (760) 323-6110 at least 24 hours prior to the meeting.*



**DESERT HEALTHCARE FOUNDATION**  
**FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE**  
**MEETING MINUTES**  
**September 10, 2019**

Directors Present	District Staff Present	Absent
Chairman/Treasurer Mark Matthews Vice-President Leticia De Lara Director Arthur Shorr – <i>Telephonic</i>	Conrado E. Bárzaga, MD, Chief Executive Officer Chris Christensen, Chief Financial Officer Donna Craig, Senior Program Officer Stephen Huyck, Accounting Manager Andrea S. Hayles, Clerk to the Board	

AGENDA ITEMS	DISCUSSION	ACTION
<b>I. Call to Order</b>	Chairman Matthews called the meeting to order at 4:06 p.m.	
<b>II. Approval of Agenda</b>	Chairman Matthews asked for a motion to approve the Agenda.	<b>Moved and seconded Director Shorr and Vice-President De Lara to approve the agenda. Motion passed unanimously.</b>
<b>III. Public Comment</b>	No public comment.	
<b>IV. Approval of Minutes</b>  1. Minutes – Meeting July 09, 2019	Chairman Matthews asked for a motion to approve the minutes of the July 9, 2019 F&A Committee meeting.	<b>Moved and seconded by Chairman Matthews and Director Shorr to approve the agenda. Motion passed unanimously.</b>
<b>V. CEO Report</b>	No report was provided.	
<b>VI. Financial Reports</b> 1. Financial Statements 2. Deposits 3. Check Register 4. Credit Card Expenditures 5. General Grants Schedule	Chris Christensen, CFO, explained the financials and Chairman Matthews included additional details of financial report items 1-5.	<b>Moved and seconded by Director Shorr and Vice-President De Lara to approve the July and August 2019 Foundation Financial Reports – items 1-5 and forward to the Board for approval. Motion passed unanimously.</b>
<b>VII. Other Matters</b>		
<b>VIII. Adjournment</b>	Chairman Matthews adjourned the meeting at 4:11 p.m.	<b>Audio recording available on the website at <a href="http://dhcd.org/Agendas-and-Documents">http://dhcd.org/Agendas-and-Documents</a></b>

ATTEST: \_\_\_\_\_  
 Mark Matthews, Chairman/ Treasurer Finance & Administration Committee  
 Desert Healthcare Foundation Board of Directors

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

**DESERT HEALTHCARE FOUNDATION**  
**SEPTEMBER 2019 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 2019

	MONTH			TOTAL		
	Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget
<b>Income</b>						
4000 · Gifts and Contributions	427	-	427	15,052	-	15,052
4003 · Grants	200,000	29,167	170,833	200,000	87,501	112,499
4116 · Bequests - Frederick Lowe	-	5,417	(5,417)	15,882	16,251	(369)
4130 · Misc. Income	-	83	(83)	-	249	(249)
8015 · Investment Interest Income	5,524	8,333	(2,809)	35,401	24,999	10,402
8040 · Restr. Unrealized Gain/(Loss)	52,147	14,583	37,564	119,042	43,749	75,293
<b>Total Income</b>	<b>258,098</b>	<b>57,583</b>	<b>200,515</b>	<b>385,377</b>	<b>172,749</b>	<b>212,628</b>
<b>Expense</b>						
5001 · Accounting Services Expense	661	667	(6)	1,983	2,001	(18)
5035 · Dues & Memberships Expense	-	42	(42)	-	126	(126)
5057 · Investment Fees Expense	2,164	2,500	(336)	11,556	7,500	4,056
5065 · Legal Costs Ongoing Expense	-	83	(83)	-	249	(249)
5101 · DHCD-Exp Alloc Wages& benefits	25,473	27,854	(2,381)	76,419	83,562	(7,143)
5106 · Marketing & Communications	1,021	3,958	(2,937)	1,063	11,874	(10,811)
5110 · Other Expenses	620	417	203	615	1,251	(636)
5115 · Postage & Shipping Expense	-	8	(8)	-	24	(24)
5120 · Professional Fees Expense	-	83	(83)	-	249	(249)
5210 · RSS Jr - Overhead Allocation	(864)	(1,417)	553	(2,574)	(4,251)	1,677
8051 · Major grant expense	201,211	20,833	180,378	214,804	62,499	152,305
8052 · Grant Expense - Collective/Mini	-	27,500	(27,500)	-	82,500	(82,500)
8053 · Grant Expense - RSS Jr	-	5,000	(5,000)	-	15,000	(15,000)
<b>Total Expense Before Social Services Fund</b>	<b>230,286</b>	<b>87,528</b>	<b>142,758</b>	<b>303,867</b>	<b>262,584</b>	<b>41,283</b>
5054 · Social Services Fund	-	3,333	(3,333)	6,000	9,999	(3,999)
<b>Net Income</b>	<b>27,812</b>	<b>(33,278)</b>	<b>61,090</b>	<b>75,510</b>	<b>(99,834)</b>	<b>175,344</b>

# Desert Healthcare Foundation Balance Sheet

As of September 30, 2019

			Sep 30, 19
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
<b>100 · CASH</b>			
		146 · Checking - Pacific Premier 6718	727,985
		149 · Money Market - Pacific Premier	1,944
		150 · Petty Cash	200
		151 · Checking - Union Bank 7611	516,514
		155 · Summer Homeless Survival Fund	3,317
<b>Total Checking/Savings</b>			<b>1,249,960</b>
<b>Accounts Receivable</b>			200,000
<b>Other Current Assets</b>			
<b>476-486 · INVESTMENTS</b>			
<b>477 · Morgan Stanley-Investments</b>			
		477.2 · Unrealized Gain/(Loss)	135,964
		477 · Morgan Stanley-Investments - Other	3,930,184
<b>Total 477 · Morgan Stanley-Investments</b>			<b>4,066,148</b>
<b>486 · Merrill Lynch</b>			
		486.1 · Merrill Lynch Unrealized Gain	407,401
		486 · Merrill Lynch - Other	1,676,428
<b>Total 486 · Merrill Lynch</b>			<b>2,083,829</b>
<b>Total 476-486 · INVESTMENTS</b>			<b>6,149,976</b>
<b>500 · CONTRIBUTIONS -RCVB -CRTS</b>			
		515 · Contrib RCVB-Pressler CRT	63,217
		530 · Contrib RCVB-Guerts CRT	126,022
<b>Total 500 · CONTRIBUTIONS -RCVB -CRTS</b>			<b>189,239</b>
<b>601 · Prepaid Payables</b>			5,018
<b>Total Other Current Assets</b>			<b>6,344,233</b>
<b>Total Current Assets</b>			<b>7,794,193</b>
<b>TOTAL ASSETS</b>			<b>7,794,193</b>

**Desert Healthcare Foundation**  
**Balance Sheet**

As of September 30, 2019

				Sep 30, 19
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
		1000 · Accounts Payable		159
		1052 · Account payable-DHCD Exp Alloc		81,633
		<b>Total Accounts Payable</b>		<b>81,792</b>
<b>Other Current Liabilities</b>				
		2190 · Current - Grants payable		3,082,037
		<b>Total Current Liabilities</b>		<b>3,163,829</b>
<b>Long Term Liabilities</b>				
		2186 · Grants payable		2,260,000
		<b>Total Liabilities</b>		<b>5,423,829</b>
<b>Equity</b>				
		3900 · Retained Earnings		2,294,853
		Net Income		75,511
		<b>Total Equity</b>		<b>2,370,364</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>				<b>7,794,193</b>

DESERT HEALTHCARE FOUNDATION					
BALANCE SHEET 9/30/19					
ALLOCATION OF MAJOR CATEGORIES/LIABILITIES					
		T/B	GENERAL Fund	Restricted Funds	Trusts
<b>ASSETS</b>					
	146 · Checking Pacific Premier 6718	727,985	727,985		
	149 · Money Market Pacific Premier Bank	1,944	1,944		
	150 · Petty Cash	200	200		
	151 · Checking - Union Bank 7611	516,514	516,514		
	155 · Summer Homeless Survival Fund	3,317		3,317	
	<b>Total 100 · CASH - UNRESTRICTED</b>	<b>1,249,960</b>	<b>1,246,643</b>	<b>3,317</b>	<b>-</b>
	Accounts Receivable				
	321 - Accounts Receivable - Other	200,000	-	200,000	
	<b>Total Accounts Receivable</b>	<b>200,000</b>	<b>-</b>	<b>200,000</b>	<b>-</b>
	477 · Invt-Morgan Stanley				
	477.2 · Unrealized Gain	135,964	135,964		
	477 · Invt-Morgan Stanley	3,930,184		3,930,184	
	<b>Total 477 · Invt-Morgan Stanley</b>	<b>4,066,148</b>	<b>135,964</b>	<b>3,930,184</b>	
6441	486.1 · Merrill Lynch Unrealized Gain	407,401	407,401		
	486 · Merrill Lynch	1,676,428	467,891	1,208,537	
	<b>Total 486 · Merrill Lynch</b>	<b>2,083,829</b>	<b>875,292</b>	<b>1,208,537</b>	
	515 · Contrib RCVB-Pressler CRT	63,217			63,217
	530 · Contrib RCVB-Guerts CRT	126,022			126,022
	601 - Prepaid payables	5,018	5,018		
	<b>Total Current Assets</b>	<b>7,794,193</b>	<b>2,262,917</b>	<b>5,342,037</b>	<b>189,239</b>
	<b>TOTAL ASSETS</b>	<b>7,794,193</b>	<b>2,262,917</b>	<b>5,342,037</b>	<b>189,239</b>
<b>LIABILITIES &amp; EQUITY</b>					
<b>Liabilities</b>					
Current Liabilities					
Accounts Payable					
	1000 · Accounts Payable	159	159		
	1052 - Account Payable - DHCD - Alloc Expenses	81,633	81,633		
	2190 - Grants Payable - Current Portion	3,082,037		3,082,037	
	<b>Total Current Liabilities</b>	<b>3,163,829</b>	<b>81,792</b>	<b>3,082,037</b>	<b>-</b>
	2186 - Grant Payable - Long Term	2,260,000		2,260,000	
	<b>Total Liabilities</b>	<b>5,423,829</b>	<b>81,792</b>	<b>5,342,037</b>	<b>-</b>
<b>Equity</b>					
	3900 · Retained Earnings	2,294,853	2,105,614		189,239
	Net Income	75,511	75,511		
	<b>Total Equity</b>	<b>2,370,364</b>	<b>2,181,125</b>	<b>-</b>	<b>189,239</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>7,794,193</b>	<b>2,262,917</b>	<b>5,342,037</b>	<b>189,239</b>

**Desert Healthcare Foundation**  
**Deposit Detail**  
September 2019

Type	Date	Name	Account	Amount
Deposit	09/30/2019		155 · Summer Homeless Survival Fund	427
		Misc.	4000 · Gifts and Contributions	(427)
TOTAL				(427)
Deposit	09/30/2019		149 · Money Market - Pacific Premier	1
			8015 · Investment Interest Income	(1)
TOTAL				(1)
			<b>Total - Summer Homeless Survival Fund</b>	<b>427</b>
			<b>Total - Money Market Account</b>	<b>1</b>



**Desert Healthcare Foundation**  
**Check Register**  
As of September 30, 2019

Type	Date	Num	Name	Amount
<b>100 · CASH</b>				
<b>146 · Checking - Pacific Premier 6718</b>				
Bill Pmt -Check	09/04/2019	11040	Meghan Kane-	(45)
Bill Pmt -Check	09/10/2019	11041	Moss, Levy & Hartzheim LLP	(3,500)
Bill Pmt -Check	09/18/2019	11042	EVALCORP	(24,500)
Bill Pmt -Check	09/19/2019	11043	Run With Los Muertos	(1,000)
Bill Pmt -Check	09/26/2019	11044	Cardmember Services	(21)
Total 146 · Checking - Pacific Premier 6718				(29,066)
<b>151 · Checking - Union Bank 7611</b>				
Check	09/25/2019		Service Charge	(157)
Total 151 · Checking - Union Bank 7611				(157)
<b>155 · Summer Homeless Survival Fund</b>				
Bill Pmt -Check	09/04/2019	1004	Word of Life Fellowship Center	(593)
Check	09/04/2019		Canceled Check Fee	(32)
Bill Pmt -Check	09/18/2019	1005	Word of Life Fellowship Center	(1,211)
Total 155 · Summer Homeless Survival Fund				(1,836)
<b>TOTAL</b>				<b>(31,059)</b>

Desert Healthcare Foundation					
Details for credit card Expenditures					
Credit card purchases - August 2019 - Paid September 2019					
Number of credit cards held by Foundation personnel - 2					
Credit Card Limit - \$5,000					
Credit Card Holders:					
Conrado Bárzaga - Chief Executive Officer					
Chris Christensen - Chief Financial Officer					
Routine types of charges:					
Office Supplies, Dues for membership, Supplies for Projects, Programs, etc.					
<b>Statement</b>					
	<b>Month</b>	<b>Total</b>		<b>Expense</b>	
<b>Year</b>	<b>Charged</b>	<b>Charges</b>		<b>Type</b>	<b>Amount</b>
		\$ 20.99			
<b>Chris' Statement:</b>					
2019	August	\$ 20.99	Foundation		
				5106	\$ 10.00
					Desert Sun subscription - marketing
				5106	\$ 10.99
					cvHIP.com hosting
					<b>\$ 20.99</b>

DESERT HEALTHCARE FOUNDATION							
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE							
September 30, 2019							
TWELVE MONTHS ENDED JUNE 30, 2020							
A/C 2190 and A/C 2186-Long term			6/30/2019	New Grants	Total Paid	9/30/2019	
Grant ID Nos.	Name		Open	Current Yr	July-June	Open	
			BALANCE	2019-2020		BALANCE	
	Mayor's Check recorded - \$100K HP		\$ 31,898		\$ 3,789	\$ 28,109	100 HP-cvHIP
	Mayor's Check recorded - \$100K HP		\$ 100,000		\$ -	\$ 100,000	100 HP - cvHIP
BOD - 7/25/17 (#937)	*West Valley Homelessness Initiative - Matching Grant		\$ 1,125,712		\$ 449,182	\$ 676,530	Homelessness
BOD - 9/26/17- RSS	RSS Funds-From Investment Funds for additional 4th year		\$ 53,810		\$ -	\$ 53,810	RSS
TCE Grant 01/31/18	Cal Endowment - Community & Health Policy Analysts 12/1/17- 11/30/18		\$ 64,817		\$ 19,866	\$ 44,952	TCE
BOD - 04/24/18	Behavioral Health Initiative Collective Fund		\$ 1,985,200		\$ 24,500	\$ 1,960,700	Behavioral Health
BOD - 06/26/18 BOD	Avery Trust Funds-Committed to Pulmonary services		\$ 1,000,000		\$ -	\$ 1,000,000	
BOD - 10/23/18 BOD	RSS Grant from Desert Healthcare District		\$ 16,762		\$ 5,076	\$ 11,687	
BOD - 5/28/19 BOD (#993)	Galilee Center - Emergency Services		\$ 41,250		\$ -	\$ 41,250	
BOD - 6/25/19 BOD (#1006)	DHCD - Homelessness Initiative Collective Fund		\$ 1,000,000		\$ -	\$ 1,000,000	
F&A - 06/11/19	\$300k East Valley Grant Funding - \$225k Balance		\$ 225,000		\$ -	\$ 225,000	
BOD - 09/24/19 BOD (#1025)	RSS Grant from Desert Healthcare District			\$ 200,000	\$ -	\$ 200,000	
<b>TOTAL GRANTS</b>			<b>\$ 5,644,450</b>	<b>\$ 200,000</b>	<b>\$ 502,413</b>	<b>\$ 5,342,037</b>	
<b>Summary: As of 9/30/19</b>			\$ 217,292		A/C 2190	\$ 3,082,037	
Health Portal (CVHIP):	\$ 128,109		\$ 200,000		A/C 2186	\$ 2,260,000	
Ready Set Swim	\$ 265,497		\$ 417,292		Total	\$ 5,342,037	
West Valley Homelessness Initiative	\$ 1,676,530		\$ 5,227,158		Diff	\$ -	
Cal Endowment-Analysts	\$ 44,952						
Behavioral Health Initiative Collective Fund	\$ 1,960,700						
Avery Trust - Pulmonary Services	\$ 1,000,000						
Galilee Center - Emergency Services	\$ 41,250						
\$300k East Valley Grant Funding - \$225k Balance	\$ 225,000						
<b>Total</b>	<b>\$ 5,342,037</b>						
* West Valley Homelessness Initiative - COMMITTED FUNDS \$1,980,044 (BALANCE \$1,019,956)							
<b>Amts available/remaining for Grant/Programs - FY 2019-20:</b>			<b>FY20 Grant Budget</b>				
<b>Amount budgeted 2019-2020</b>		\$ 640,000		\$ 250,000			
<b>Amount granted year to date</b>		\$ (200,000)		\$ 390,000			
Mini Grants:							
Net adj - Grants not used:							
<b>Balance available for Grants/Programs</b>		<b>\$ 440,000</b>					

**DESERT HEALTHCARE FOUNDATION**  
**PALM SPRINGS, CALIFORNIA**  
**INDEPENDENT AUDITOR'S REPORT AND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**DESERT HEALTHCARE FOUNDATION**

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**MOSS, LEVY & HARTZHEIM LLP**

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CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER HOM, CPA  
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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Desert Healthcare Foundation (Foundation), a not-for-profit organization and a component unit of the Desert Healthcare District, which comprise the statement of financial position, as of June 30, 2019 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.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Desert Healthcare Foundation as of June 30, 2019 and the changes in its net assets, functional expenses, and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

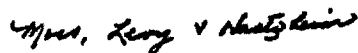
As discussed in Note 1 to the financial statements, effective July 1, 2018, the Foundation adopted the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019, 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 Comparative Summarized Information**

We have previously audited the Foundation's 2018 financial statements, and our report dated October 1, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Moss, Levy & Hartzheim, LLP  
Culver City, California  
October 1, 2019

**DESERT HEALTHCARE FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**

	<u>Totals</u>	
	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and investments	\$ 945,995	\$ 3,447,997
Grants receivable	1,000,000	1,030,829
Prepaid expenses	3,500	3,540
Accrued interest and dividend receivable	17,732	13,787
	<hr/>	<hr/>
Total current assets	1,967,227	4,496,153
	<hr/>	<hr/>
<b>OTHER ASSETS</b>		
Contributions receivable - charitable remainder trusts	189,239	188,929
Investments	5,853,791	2,499,286
	<hr/>	<hr/>
Total other assets	6,043,030	2,688,215
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 8,010,257</b>	<b>\$ 7,184,368</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued payroll	\$ 70,955	\$ 83,980
Grants payable - current	3,384,450	3,621,167
	<hr/>	<hr/>
Total current liabilities	3,455,405	3,705,147
	<hr/>	<hr/>
Long-term liabilities:		
Grants payable - long-term	2,260,000	1,200,000
	<hr/>	<hr/>
Total long-term liabilities	2,260,000	1,200,000
	<hr/>	<hr/>
Total liabilities	5,715,405	4,905,147
	<hr/>	<hr/>
<b>NET POSITION</b>		
Without donor restrictions	2,096,517	2,090,292
With donor restrictions	198,335	188,929
	<hr/>	<hr/>
Total net position	2,294,852	2,279,221
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 8,010,257</b>	<b>\$ 7,184,368</b>
	<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, 2019**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
<b>REVENUES AND GAINS</b>				
Contributions	\$ 21,652	\$ 9,096	\$ 30,748	\$ 226,403
Grants and bequests	1,266,188	-	1,266,188	5,339,347
Interest and dividends	115,058	-	115,058	65,341
Investment gains (losses)	386,648	-	386,648	(49,499)
Change in value - charitable trusts	-	310	310	3,506
Total revenues and gains	<u>1,789,546</u>	<u>9,406</u>	<u>1,798,952</u>	<u>5,585,098</u>
<b>EXPENSES</b>				
Grants and social services	1,536,658	-	1,536,658	5,314,610
Management and general	246,663	-	246,663	286,762
Total expenses	<u>1,783,321</u>	<u>-</u>	<u>1,783,321</u>	<u>5,601,372</u>
<b>CHANGE IN NET POSITION</b>	6,225	9,406	15,631	(16,274)
<b>NET POSITION, BEGINNING OF FISCAL YEAR</b>	<u>2,090,292</u>	<u>188,929</u>	<u>2,279,221</u>	<u>2,295,495</u>
<b>NET POSITION, END OF FISCAL YEAR</b>	<u>\$ 2,096,517</u>	<u>\$ 198,335</u>	<u>\$ 2,294,852</u>	<u>\$ 2,279,221</u>

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, 2019**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Grants and Services	Management and General	Totals	
			2019	2018
Grants and social services	\$ 1,536,658	\$ -	\$ 1,536,658	\$ 5,314,610
Management and general expenses	-	246,663	246,663	286,762
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,536,658</b>	<b>\$ 246,663</b>	<b>\$ 1,783,321</b>	<b>\$ 5,601,372</b>

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, 2019**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net position	\$ 15,631	\$ (16,274)
Adjustments to reconcile increase (decrease) in net position to net cash provided by operating activities:		
Unrealized (gains) losses on investments	(386,648)	49,499
Increase (decrease) in operating assets:		
Grants receivable	30,829	(1,016,352)
Other current assets	40	(1,040)
Charitable trusts	(310)	86,723
Accrued interest and dividends	(3,945)	(2,255)
Increase (decrease) in operating liabilities:		
Accounts payable	(13,025)	67,668
Deferred grant income	-	(2,000,000)
Grants payable	823,283	4,403,875
	465,855	1,571,844
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment activity	(2,967,857)	(141,410)
Net cash used by investing activities	(2,967,857)	(141,410)
Net increase (decrease) in cash and investments	(2,502,002)	1,430,434
<b>Cash and investments, beginning of fiscal year</b>	3,447,997	2,017,563
<b>Cash and investments, end of fiscal year</b>	\$ 945,995	\$ 3,447,997
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Cash and investments	\$ 945,995	\$ 3,447,997
Total cash and investments	\$ 945,995	\$ 3,447,997

The accompanying notes are an integral part of these financial statements

# DESERT HEALTHCARE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### 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 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018. In addition, the Foundation is required to present a statement of cash flows and a statement of functional expenses.

#### Revenue Recognition

Under the provisions of the Guide, net position and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net positions of the Foundation and changes therein are classified as follows:

Net position without donor restrictions: Net position 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 position with donor restrictions: Net position 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 position with donor restrictions of \$198,335 at June 30, 2019.

#### 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, 2019 the District allocated to the Foundation \$212,016 related to personnel charges. The value of the on-site facilities is not reflected in these statements, as they do not meet the criteria for recognition.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**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 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 for the fiscal years ended June 30, 2018, 2017 and 2016 (IRS) and 2018, 2017, 2016 and 2015 (FTB) are open to audit by the applicable taxing authorities.

**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 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.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncement**

On August 18, 2016, Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. See Notes 4, 6, and 7 for further details.

**2. 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.

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, 2019, 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, 2019 was \$5,853,791. (See Note 3)

**3. CASH AND INVESTMENTS**

**Demand Deposits**

The carrying amounts, at June 30, 2019, of the Foundation's cash deposits were \$810,427 and money market funds were \$135,568. Bank balances were \$810,427 at June 30, 2019. Occasionally, the Foundation's cash balance in banks exceeds the Federal Deposit Insurance Corporation's insurance limits.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. CASH AND INVESTMENTS (CONTINUED)**

Investments

At June 30, 2019, investments consisted of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
Corporate bonds	\$ 1,357,323	\$ 1,410,937	\$ 53,614
U.S. Government agencies	408,238	418,965	10,727
U.S. Treasury notes	839,963	867,003	27,040
Mutual funds	1,197,432	1,204,392	6,960
Marketable securities	1,570,080	1,952,494	382,414
Total Investments	<u>\$ 5,373,036</u>	<u>\$ 5,853,791</u>	<u>\$ 480,755</u>

**4. 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, 2019.

	2019	2018
Financial assets:		
Cash and investments	\$ 6,799,786	\$ 5,947,283
Grants receivable	1,000,000	1,030,829
Accrued interest and dividend receivable	17,732	13,787
Contributions receivable - CRT	189,239	188,929
Total financial assets	<u>8,006,757</u>	<u>7,180,828</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 6)	(5,644,450)	(4,821,167)
Interest in charitable remainder trust (Note 5)	(189,239)	(188,929)
Donor-restricted funds (Note 6)	(9,096)	-
Amount available for general expenditures within one year	<u>\$ 2,163,972</u>	<u>\$ 2,170,732</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).

**5. SPLIT INTEREST AGREEMENTS**

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 general terms of the two 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.

**DESERT HEALTHCARE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**5. SPLIT INTEREST AGREEMENTS (CONTINUED)**

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, 2019 was \$63,217.

**6. GRANTS AND SERVICES PAYABLE**

Grants and services provided by the Foundation consisted of the following for the fiscal years ended June 30:

	<u>2019</u>	<u>2018</u>
Grant for Health Portal	\$ 131,898	\$ 195,888
Grant for Swim Lessons	70,573	53,904
California Endowment and School District	64,817	189,375
West Valley Homelessness Initiative	2,125,712	1,382,000
Avery Trust - Pulmonary	1,000,000	1,000,000
Behavioral Health Initiative Collective Fund	1,985,200	2,000,000
Galilee Center - Emergency	41,250	-
East Valley Grant Funding	<u>225,000</u>	<u>-</u>
Total Grants Payable	<u>\$ 5,644,450</u>	<u>\$ 4,821,167</u>

**7. NET POSITION – WITH DONOR RESTRICTIONS**

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Summer Homeless Survival Fund	\$ 9,096	\$ -
Charitable Remainder Trust	<u>126,022</u>	<u>122,540</u>
	<u>135,118</u>	<u>122,540</u>
Subject to the passage of time:		
Charitable Remainder Trust	<u>63,217</u>	<u>66,389</u>
	<u>63,217</u>	<u>66,389</u>
Net Position - with donor restrictions	<u>\$ 198,335</u>	<u>\$ 188,929</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. The District donates funds (\$1,136,000) to the Foundation, to help fulfill their purpose. The District also provides the Foundation with office space and personnel (\$212,016).

**9. SUBSEQUENT EVENTS**

The Foundation evaluated all potential subsequent events as of October 1, 2019 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2019 or as of October 1 2019 that require disclosure to the financial statements.