



BOARD PACKET

**October 22, 2013
Regular Meeting
4:00 P.M.**

**Jerry Stergios Building, 2nd Floor – Arthur H. “Red” Motley Boardroom
1140 N. Indian Canyon Drive, Palm Springs, California 92262**

Regular Meeting
 DESERT HEALTHCARE FOUNDATION
 Board of Directors
 October 22, 2013
 4:00 p.m.

Jerry Stergios Building, 2nd floor
 Arthur H. "Red" Motley Boardroom
 1140 N. Indian Canyon Drive, Palm Springs, California 92262
This meeting is handicapped-accessible

PAGE	AGENDA <i>Any item on the agenda may result in Board action</i>	ITEM TYPE	TIME
	A. CALL TO ORDER – President Grayman _____ Director Grimm _____ Director Solomon _____ Director Matthews _____ Vice-President Hazen _____ President Grayman		4:00
1-2	B. APPROVAL OF AGENDA	Action	4:00
	C. PUBLIC COMMENT At this time, comments from the audience may be made on items <u>not</u> listed on the agenda that are of public interest and within the subject-matter jurisdiction of the Foundation. The Board has a policy of limiting speakers to no more than three minutes. The Board cannot take action on items not listed on the agenda. Public input may be offered on agenda items when they come up for discussion and/or action.		
	D. CONSENT CALENDAR All Consent Agenda item(s) listed below are considered to be routine by the Board of Directors and will be enacted by one motion. There will be no separate discussion of items unless a Board member so requests, in which event the item(s) will be considered following approval of the Consent Agenda.	Action	4:05
3-8	1. FINANCIAL STATEMENTS Consideration of: a. September 2013 Financial Statements _____ Director Grimm _____ Director Solomon _____ Director Matthews _____ Vice-President Hazen _____ President Grayman	Action	4:05

Regular Meeting
 DESERT HEALTHCARE FOUNDATION
 Board of Directors
 October 22, 2013
 4:00 p.m.

PAGE		<p style="text-align: center;">AGENDA <i>Any item on the agenda may result in Board action</i></p>	<p style="text-align: center;">ITEM TYPE</p>	<p style="text-align: center;">TIME</p>
	E.	F&A COMMITTEE		
9-24		1. Final Audit Report for the Desert Healthcare Foundation FYE 6/30/13.	Information	4:35
25-28		2. Update on The California Endowment Partnership – Coachella Valley Affordable Care Act Project.	Information	4:50
	F.	ADJOURNMENT		5:00

Desert Healthcare Foundation
Profit & Loss Budget vs. Actual
 July through September 2013

	Sep 13	Budget	\$ Over Budget	Jul - Sep 13	Budget	\$ Over Budget	TOTAL
Income							
8030 · Change in Value of CRT's	-	(2,083)	2,083	-	(6,249)	6,249	
4000 · Gifts and Contributions	-	1,500	(1,500)	-	1,500	(1,500)	
4116 · Bequests - Frederick Lowe	1,802	8,333	(6,531)	21,134	24,999	(3,865)	
4301 · Interest Income	1	-	1	1	-	1	
8015 · Investment Interest Income	1,702	4,167	(2,465)	14,164	12,501	1,663	
8040 · Restr. Unrealized (Gain/Loss)	15,636	6,250	9,386	2,947	18,750	(15,803)	
Total Income	19,141	18,167	974	38,246	51,501	(13,255)	
Expense							
8051 · Major grant expense	200,000	200,000	-	200,000	200,000	-	
5001 · Accounting Services Expense	500	500	-	1,500	1,500	-	
5010 · Bank Service Charges	-	8	(8)	10	24	(14)	
5057 · Investment Fees Expense	-	-	-	4	-	4	
5110 · Other Expenses	-	30	(30)	-	30	(30)	
5120 · Professional Fees Expense	-	750	(750)	323	750	(427)	
Total Expense	200,500	201,288	(788)	201,837	202,304	(467)	
Other Expense							
5054 · Social Services Fund	13,173	8,333	4,840	13,173	24,999	(11,826)	
Net Income (Loss)	(194,532)	(191,454)	(3,078)	(176,764)	(175,802)	(962)	

3

Desert Healthcare Foundation
Balance Sheet
As of September 30, 2013

ASSETS	Sep 30, 13
Current Assets	
Checking/Savings	
100 · CASH	
145 · Checking - Pacific Premier Bank	89,047
149 · Money Market - Pacific Premier	1,915
150 · Petty Cash	200
Total 100 · CASH	91,162
Total Checking/Savings	91,162
Other Current Assets	
476-486 · INVESTMENTS	
486 · Merrill Lynch	
486.1 · Merrill Lynch Unrealized Gain	60,624
488 · Merrill Lynch - Other	442,439
Total 486 · Merrill Lynch	503,062
477 · Smith Barney-Investments	
477.2 · Unrealized Gain	(9,466)
477 · Smith Barney-Investments - Other	1,929,231
Total 477 · Smith Barney-Investments	1,919,765
Total 476-486 · INVESTMENTS	2,422,827
500 · CONTRIBUTIONS -RCVB -CRTS	
515 · Contrib RCVB-Pressler CRT	61,522
530 · Contrib RCVB-Guerts CRT	114,603
Total 500 · CONTRIBUTIONS -RCVB -CRTS	176,125
540 · ASSETS IN CRT	
550 · Assets in CRT -R Waite	87,195
Total 540 · ASSETS IN CRT	87,195
601 · Prepaid Payables	2,250
Total Other Current Assets	2,688,397
Total Current Assets	2,779,559
Other Assets	
460 · Investments - Point Center Fin	
461 · Reserve - Point Center - Loan	(25,015)
460 · Investments - Point Center Fin - Other	25,015
TOTAL ASSETS	2,779,559
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	

4

Desert Healthcare Foundation
Balance Sheet
As of September 30, 2013

	Sep 30, 13
Other Current Liabilities	
2190 · Current - Grants payable	399,277
2025 · LIABILITY UNDER UNITRUSTS	
2030 · Liab. under CRT -R Waite	4,915
Total 2025 · LIABILITY UNDER UNITRUSTS	4,915
2180 · Accrued Accounts Payable	3,030
Total Other Current Liabilities	407,223
Long Term Liabilities	
2186 · Grants payable	456,419
Total Liabilities	863,642
Equity	
3100 · FUND BALANCE -TEMP. RESTRICTED	85
3225 · Lifeline	
3400 · Social Services Fund	44,504
Total 3100 · FUND BALANCE -TEMP. RESTRICTED	44,589
3900 · Retained Earnings	2,048,092
Net Income	(176,764)
Total Equity	1,915,917
TOTAL LIABILITIES & EQUITY	2,779,559

5

DESERT HEALTHCARE FOUNDATION
BALANCE SHEET 9/30/13
ALLOCATION OF MAJOR CATEGORIES/LIABILITIES

	T/B	GENERAL Fund	Restricted Funds	Trusts
ASSETS				
145 · Checking Canyon National Bank	89,047	89,047		
149 · Money Market Canyon National	1,915	1,915		
150 · Petty Cash	200	200		
Total 100 · CASH - UNRESTRICTED	91,162			
477 · Invt-Smith Barney				
477.2 · Unrealized Gain	(9,466)	(9,466)		
477 · Invt-Smith Barney-Found - Other	1,929,231	1,929,231	0	
Total 477 · Invt-Smith Barney-Found	1,919,765			
6441 486.1 · Merrill Lynch Unrealized Gain	60,624			
486 · Merrill Lynch TDLN - Other	442,439			
Total 486 · Merrill Lynch TDLN	503,063		503,063	
500 · CONTRIBUTIONS -RCVB -CRTS				
515 · Contrib RCVB-Pressler CRT	61,522			61,522
117530 · Contrib RCVB-Guerts CRT	114,603			114,603
Total 500 · CONTRIBUTIONS -RCVB -CRTS	176,125			
540 · ASSETS IN CRT				
550 · Assets in CRT -R Waite	87,195			87,194
601 · Prepaid payables	2,250	2,250		
Total Current Assets	2,779,559	2,013,177	503,063	263,319
Other Assets				
460 · Investments - Point Center	25,015		25,015	
461 · Investments - Point Center Reserve	(25,015)		(25,015)	
TOTAL ASSETS	2,779,559	2,013,177	503,063	263,319
LIABILITIES & EQUITY				
Liabilities				
1000 · Accounts Payable				
2030 · Liab. under CRT -R Waite	4,916			4,916
2180 · Accrued Accounts Payable	3,030	3,030		
2190 · Grants Payable - Current Portion	399,277	399,277		
Total Current Liabilities	407,223	402,307		4,916
Grant Payable - Long Term	456,419	456,419		
Total Liabilities	863,642	858,726		4,916
Equity				
3000 · FUND BALANCE				
3225 · Lifeline	85		85	
3400 · Social Services Fund	44,504		44,504	
Total 3100 · FUND BALANCE · TEMP. RESTRICTED	44,589		44,589	
3900 · Retained Earnings	2,048,092	1,331,215	458,474	258,403
Net Income	(176,764)	(176,766)		
Total Equity	1,915,917	1,154,449	503,063	258,403
TOTAL LIABILITIES & EQUITY	2,779,559	2,013,177	503,063	263,319

6

Desert Healthcare Foundation
Deposit Detail
 September 2013

Type	Date	Name	Account	Amount
Deposit	09/30/2013		145 · Checking - Pacific Premier Bank	1,802
		Loewe, Frederick	4116 · Bequests - Frederick Lowe	(1,802)
TOTAL				(1,802)
Deposit	09/30/2013		149 · Money Market - Pacific Premier	1
			4301 · Interest Income	(1)
TOTAL				(1)

7

Desert Healthcare Foundation
Warrant Report
 As of September 30, 2013

Type	Date	Num	Name	Amount
100 - CASH				
145 - Checking - Pacific Premier Bank				
Bill Pmt -Check	09/10/2013	10298	Best, Best, & Krieger	(73)
Bill Pmt -Check	09/10/2013	10299	Lund & Gultroy LLP	(3,750)
Bill Pmt -Check	09/13/2013	10300	Desert Regional Medical Ctr Aux	(7,173)
Bill Pmt -Check	09/13/2013	10301	Eisenhower Medical Center	(6,000)
TOTAL				(16,996)

8



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
39700 BOB HOPE DRIVE • SUITE 309 • P.O. BOX 250 • RANCHO MIRAGE, CA 92270-0250
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttery.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 8, 2013

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

We have audited the financial statements of Desert Healthcare District, Desert Healthcare Foundation and Desert Hospital Retirement Protection Plan (the "Organizations") for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 7, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organizations are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Organization's financial statements were:

- Useful life of Capital Assets - Management's estimate of the the useful life of capital assets is based on the historical asset life for the Organizations' capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures to the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements during our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 8, 2013.

Management Consultations with Other Independent Accountants

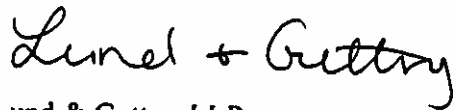
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of Board of Directors and management of and should not be used for any other purpose.

Very truly yours,



Lund & Gutfry, LLP

DESERT HEALTHCARE FOUNDATION
PALM SPRINGS, CALIFORNIA
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

DESERT HEALTHCARE FOUNDATION

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
39700 BOB HOPE DRIVE • SUITE 309 • P.O. BOX 250 • RANCHO MIRAGE, CA 92270-0250
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttery.com

INDEPENDENT AUDITORS' 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, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Foundation's 2012 financial statements and, in our report dated October 9, 2012, we expressed an unqualified opinion.

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, 2013, 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.

Lund + Guttry

October 8, 2013

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2013</u>	<u>2012 (Memorandum Only)</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 331,959	\$ -	\$ 331,959	\$ 219,355
Accrued interest receivable	-	-	-	16,484
Grant receivable	-	-	-	55,319
Total current assets	<u>331,959</u>	<u>-</u>	<u>331,959</u>	<u>291,158</u>
OTHER ASSETS				
Contributions receivable - charitable remainder trusts	-	176,125	176,125	167,211
Assets held in charitable remainder trusts	-	89,301	89,301	90,883
Investments	<u>2,581,952</u>	<u>-</u>	<u>2,581,952</u>	<u>2,492,295</u>
TOTAL ASSETS	<u>\$ 2,913,911</u>	<u>\$ 265,426</u>	<u>\$ 3,179,337</u>	<u>\$ 3,041,547</u>
<u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Current liabilities				
Accounts payable	\$ 8,500	\$ -	\$ 8,500	\$ 3,000
Liability under unitrusts	-	7,022	7,022	6,714
Grants payable - current portion	<u>614,715</u>	<u>-</u>	<u>614,715</u>	<u>186,716</u>
Total current liabilities	<u>623,215</u>	<u>7,022</u>	<u>630,237</u>	<u>196,430</u>
Long-term liabilities				
Grants payable - long-term	<u>456,419</u>	<u>-</u>	<u>456,419</u>	<u>643,135</u>
Total long-term liabilities	<u>456,419</u>	<u>-</u>	<u>456,419</u>	<u>643,135</u>
TOTAL LIABILITIES	<u>1,079,634</u>	<u>7,022</u>	<u>1,086,656</u>	<u>839,565</u>
NET ASSETS	<u>1,834,277</u>	<u>258,404</u>	<u>2,092,681</u>	<u>2,201,982</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,913,911</u>	<u>\$ 265,426</u>	<u>\$ 3,179,337</u>	<u>\$ 3,041,547</u>

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

DESERT HEALTHCARE FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2013</u>	<u>2012 (Memorandum Only)</u>
SUPPORT AND REVENUE				
Contributions	\$ 112,907	\$ -	\$ 112,907	\$ 182,912
Interest and dividends	68,689	-	68,689	75,059
Investment gains	11,436	-	11,436	106,396
Change in value - charitable trusts	-	7,025	7,025	(2,745)
Net assets released from restrictions and reclassification	<u>55,320</u>	<u>(55,320)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>248,352</u>	<u>(48,295)</u>	<u>200,057</u>	<u>361,622</u>
EXPENSES				
Grants and services	270,489	-	270,489	874,233
Management and general	<u>38,869</u>	<u>-</u>	<u>38,869</u>	<u>25,876</u>
Total expenses	<u>309,358</u>	<u>-</u>	<u>309,358</u>	<u>900,109</u>
DECREASE IN NET ASSETS	<u>(61,006)</u>	<u>(48,295)</u>	<u>(109,301)</u>	<u>(538,487)</u>
NET ASSETS BEGINNING OF YEAR	<u>1,895,283</u>	<u>306,699</u>	<u>2,201,982</u>	<u>2,740,469</u>
NET ASSETS END OF YEAR	<u>\$ 1,834,277</u>	<u>\$ 258,404</u>	<u>\$ 2,092,681</u>	<u>\$ 2,201,982</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, 2013

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Grants and Services</u>	<u>Management and General</u>	<u>Totals</u>	
			<u>2013</u>	<u>2012 (Memorandum Only)</u>
Grants and services	\$ 270,489	\$ -	\$ 270,489	\$ 874,233
Other expenses	-	529	529	326
Professional fees	-	38,340	38,340	25,550
Total expenses	\$ 270,489	\$ 38,869	\$ 309,358	\$ 900,109

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

DESERT HEALTHCARE FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>	<u>2012</u> (Memorandum Only- Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from public support	\$ 168,224	\$ 405,675
Cash paid to suppliers	(62,366)	(69,508)
Interest and dividends received	<u>84,968</u>	<u>76,797</u>
Net cash provided by operating activities	<u>190,826</u>	<u>412,964</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers (to) investments - net	<u>(78,222)</u>	<u>(333,009)</u>
Net cash (used) by investing activities	<u>(78,222)</u>	<u>(333,009)</u>
NET INCREASE IN CASH	112,604	79,955
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>219,355</u>	<u>139,400</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 331,959</u>	<u>\$ 219,355</u>
RECONCILIATION OF (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Decrease in net assets	\$ (109,301)	\$ (538,487)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Net gains on investments	(11,436)	(106,396)
(Increase) decrease in assets		
Accrued interest receivable	16,484	-
Grants receivable	55,319	-
Other current assets	-	(52,831)
Charitable trusts	(7,332)	289,348
Increase (decrease) in liabilities		
Accounts payable	5,500	-
Liabilities under unitrusts	308	(8,521)
Grants payable	<u>241,284</u>	<u>829,851</u>
Total adjustments	<u>300,127</u>	<u>951,451</u>
Net cash provided by operating activities	<u>\$ 190,826</u>	<u>\$ 412,964</u>

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

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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 financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation's unrestricted net assets includes unrestricted – Board designated net assets of \$57,677 for its Social Service Fund at June 30, 2013. The Foundation has temporarily restricted net assets of \$258,404 at June 30, 2013. The Foundation did not have any permanently restricted net assets at June 30, 2013.

Use of Estimates

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

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Facilities and Services

The District has provided for the use of its office facilities and personnel at no cost to the Foundation. The value of the on-site facilities and personnel is not reflected in these statements, as they do not meet the criteria for recognition.

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.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

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.

2. 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). 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.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

2. FAIR VALUE MEASUREMENTS – (Continued)

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, 2013 and 2012, 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, 2013 and 2012, was \$2,581,952 and \$2,492,295, respectively. (See Note 3)

3. CASH AND INVESTMENTS

Demand Deposits

The carrying amounts of the Foundation's cash deposits were \$331,959 at June 30, 2013, and \$219,355 at June 30, 2012. Bank balances were \$331,959 and \$219,355 at June 30, 2013 and 2012, respectively. The Foundation occasionally carries cash balances in banks in excess of the Federal Deposit Insurance Corporation's insurance limits.

Investments

At June 30, 2013, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporate bonds	\$ 833,263	\$ 831,407	\$ (1,856)
Government bonds	1,258,172	1,279,784	21,612
Marketable securities	<u>425,082</u>	<u>470,761</u>	<u>45,679</u>
Total Investments	<u>\$ 2,516,517</u>	<u>\$ 2,581,952</u>	<u>\$ 65,435</u>

At June 30, 2012, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
International bonds	\$ 43,283	\$ 44,546	\$ 1,263
Corporate bonds	629,859	677,113	47,254
Government bonds	1,326,064	1,388,908	62,844
Marketable securities	<u>393,349</u>	<u>381,728</u>	<u>(11,621)</u>
Total Investments	<u>\$ 2,392,555</u>	<u>\$ 2,492,295</u>	<u>\$ 99,740</u>

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

4. SPLIT INTEREST AGREEMENTS

Charitable Remainder Trusts

The Foundation was named trustee in one charitable remainder unitrust in which the trustee has a fiduciary responsibility to maintain and invest the trust assets prudently.

Trust 1 (dated April 12, 1989): Upon the death of the donor, 100% of the principal and income of the trust that is not required to have been distributed to the life beneficiary shall become the property of the Foundation. At June 30, 2013 and 2012, the estimated fair market value of the trust was approximately \$89,301 and \$90,883, respectively.

Because the present value of the minimum payments owed to the life beneficiary exceed the fair market value of the trust assets, it is possible that there will be no trust assets to distribute to the Foundation upon the death of the donor. If trust assets are remaining at the death of the donor, the Foundation may use these assets for general purposes, as outlined in the trust agreement.

The Foundation was named beneficiary to three additional charitable remainder unitrusts (whose trustees are someone other than the Foundation), all of which are recorded at fair market value. The general terms of the three 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, 2012 and 2011, which is the most current information available, the estimated present value of future cash flows was \$114,603 and \$111,906, respectively.

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, 2013 and 2012 was \$61,522 and \$55,305, respectively.

Trust 8 (dated December 20, 1990): The lesser of the trust income or 9% 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 general purposes. The life beneficiary passed away during the year ended June 30, 2011 and the remaining account value of \$278,081 was received and reclassified to the Foundation's unrestricted net assets during the year ended June 30, 2012.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

5. NOTE RECEIVABLE

As part of the distribution from Charitable Remainder Trust 6 during the year ended June 30, 2006, the Foundation received a note receivable with fair market value of \$63,947 as of June 30, 2006. The balance of the note receivable at June 30, 2013 and 2012 amounted to \$0 (net of \$25,015 reserve).

6. GRANTS AND SERVICES

Grants and services consisted of the following for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Grant for Healthy Planet Wellness Festival	\$ 200,000	\$ -
Grant for Science and Math	20,000	-
Grant for Coachella Valley healthy schools program	-	829,851
Grant for Social Services Fund	<u>50,489</u>	<u>44,382</u>
	<u>\$ 270,489</u>	<u>\$ 874,233</u>

7. TEMPORARILY RESTRICTED NET ASSET RESTRICTIONS

Temporarily restricted net assets are subject to restrictions limiting the Foundation's use of the contributed assets to later periods or after specific dates (time restrictions), special purposes (purpose restriction), or both. Temporarily restricted net assets at June 30, 2013 and 2012 are subject to the following restrictions:

	<u>2013</u>	<u>2012</u>
<u>Time Restrictions</u>		
Contributions receivable - charitable remainder trusts	\$ 176,125	\$ 167,211
Assets held in charitable remainder trusts	89,301	90,883
Liability under unitrusts	<u>(7,022)</u>	<u>(6,714)</u>
	<u>258,404</u>	<u>251,380</u>
<u>Purpose Restrictions</u>		
Specific programs – assets	-	<u>55,319</u>
	-	<u>55,319</u>
	<u>\$ 258,404</u>	<u>\$ 306,699</u>

8. SUBSEQUENT EVENTS

The Foundation evaluated all potential subsequent events as of October 8, 2013 when the financial statements were authorized and available to be issued. No subsequent events or transaction were identified after June 30, 2013 or as of October 8, 2013 that require disclosure to the financial statements.



Date: October 22, 2013

To: Board of Directors

Subject: TCE and DHCD Community Partnership: CV ACA Implementation Project

Update: On October 17th at a Special Meeting of the DHCF Finance Committee, the Committee approved the six grant contracts to the community agencies detailed in the chart that follows. The California Endowment agreement was approved by reviewing the TCE standard grant agreement template with approval subject to the final agreement language being consistent with the approved project work plan and Exhibits B and C of the DHCF Grant Agreements with the six agencies.

The TCE grant award letter was received October 18, 2013 along with the final grant agreement. The language meets the F and A Committee's conditions for approval and has been forwarded to Carlos Campos for final review. The TCE agreement signed by their COO will be sent on Monday via DocuSign for President Grayman's signature. The six agencies will receive DHCF contracts at the DHCF grantee meeting on Monday, October 21, 2013.



The
California
Endowment

Dear Ms. Greco:

1000 North
Alameda Street
Los Angeles
CA 90012

213.928 8800

FAX 213 928 8801

800 449 4149

On behalf of The California Endowment and **Margarita Luna**, I am pleased to inform you that **Desert Healthcare Foundation** has been awarded a grant in the amount of **\$534,924**.

As part of The Endowment's online grant making process, this Grant Agreement (Agreement) is being sent to you electronically. By signing and returning the Agreement in electronic format, you consent to conduct this business electronically. Please carefully review, sign and date the Agreement and return via DocuSign no later than **October 25, 2013**.

Please note that grant funds are to be used only in accordance with the terms and conditions outlined in the Agreement.

A workplan is included to guide you towards completing your project outcomes successfully.

Your payment will be made electronically after receiving your signed agreement. Please complete the attached Payment Form so that we may credit your organization's account directly.

The Endowment is pleased to provide your organization with an online reporting tool to submit your progress and final reports. Please complete the accompanying Monitoring Form so that we may create your account. Please note that only one account per grant is permitted access. For easier access, we recommend you create a global account that can be used by all staff working on grant reports.

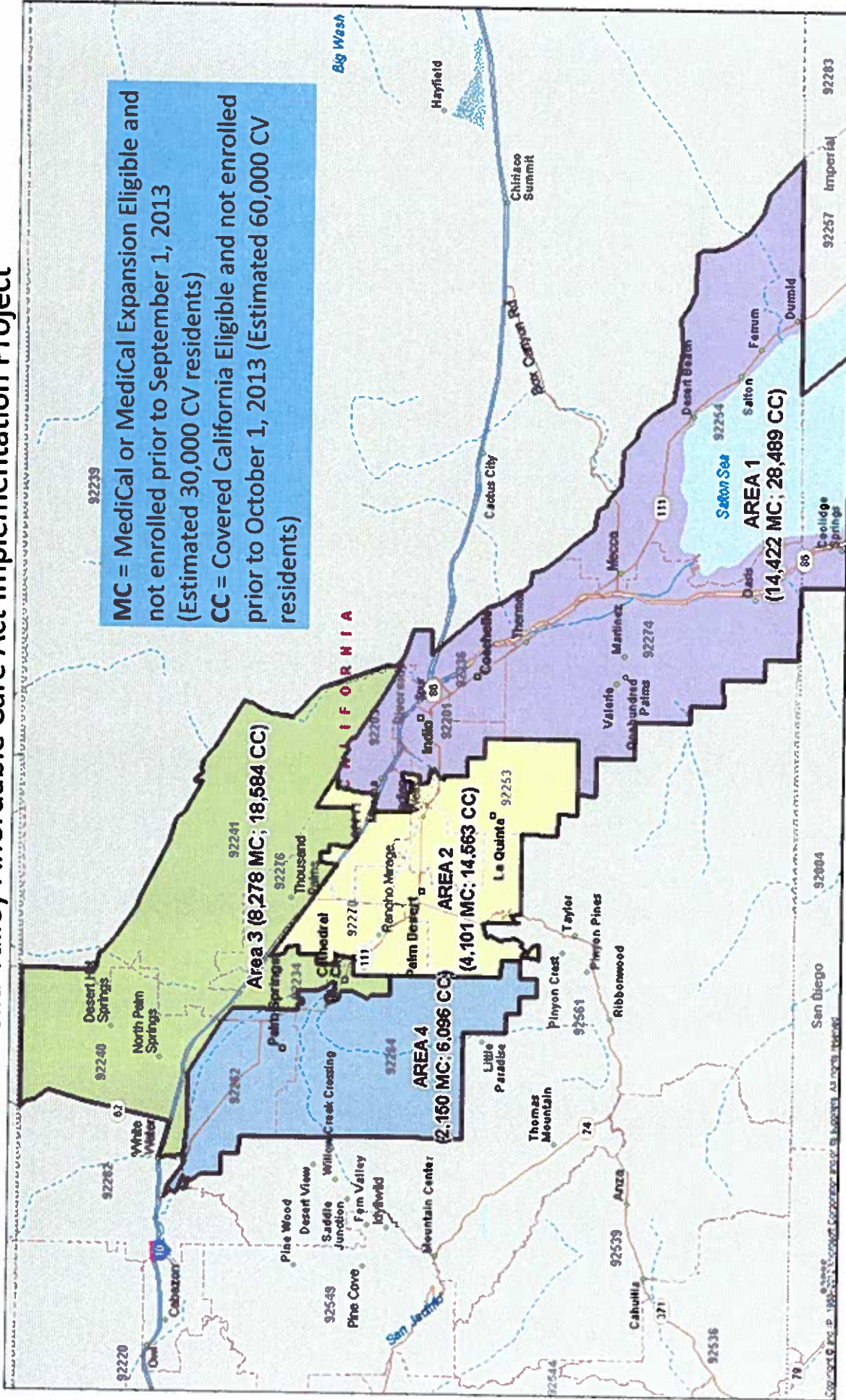
If you have any questions please contact me at (213) 928-8723 or sgould@calendow.org.

Thank you for your efforts to create healthier communities.

Regards,

Stephen Gould

Coachella Valley Affordable Care Act Implementation Project



27

27 Full-Time Equivalent Coachella Valley ACA Health Navigators will be deployed throughout the Coachella Valley to Educate - Enroll - Connect residents living at or below the 400% Federal Poverty Level and eligible for healthcare coverage through MediCal, MediCal Expansion, and Covered California

Coachella Valley Affordable Care Act Implementation Project

Educate - Enroll - Connect

ORGANIZATION	FUNDING ALLOCATION	# OF CV HEALTH NAVIGATORS	GEOGRAPHIC AREA ZONE(S) I - IV	FOCUS FPL POPULATION	TARGET POPULATION (homeless; transition age youth; formerly incarcerated; young men of color; young women of color; other)
FIND Food Bank	\$ 150,444	4 FTE	I, II, III & IV	0-250%= 85-90% 251-400% = 10-15%	All
Clinicas de Salude	\$188,095	6 FTE	I	Both	Young men & women of color; elderly, migrants & other indigent communities
Planned Parenthood	\$150,476	4 FTE	I & II	Both; however anticipate reaching more residents in the 0-250% range	88% female between ages 18-29 (70%); people of color (62%); at-risk young men
Borrego Health	\$300,952	8 FTE	I, II, III, & IV	Both	All
Catholic Charities	\$75,238	2 FTE	I, II, III, & IV	0-250% = 70% 251-400% = 30%	All
Health to Hope	\$37,619	1 FTE	I, II, III, & IV	Both	Homeless & low income church parishioners
TOTAL	\$902,824	25*			

*Additional 2 FTE Health Navigators to be added to address gaps as identified after implementation.

28

