



DESERT HEALTHCARE
DISTRICT & FOUNDATION

To achieve optimal health at all stages of life for all District residents

DESERT HEALTHCARE FOUNDATION
Finance, Legal, Administration, & Real Estate Committee
October 09, 2024

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 09, 2024 via Zoom using the following link:
<https://us02web.zoom.us/j/83743788340?pwd=VXIjcEdUMWtLa3NvdHd3SGRXa0Mzd09>
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

- 1. F&A Meeting Minutes – September 11, 2024 – Pgs. 2

ACTION

V. CEO REPORT

Information

VI. FINANCIAL REPORT

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

ACTION

VII. OTHER MATTERS

- 1. Craig Hartzheim – Moss Levy & Hartzheim – FY 2024 Audit Report – Pgs. – 13-29 (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 11, 2024

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

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Shorr called the meeting to order at 5:33 p.m.	
II. Approval of Agenda	Chair Shorr asked for a motion to approve the agenda.	Moved and seconded by Director De Lara and Vice-President Zavala to approve the agenda. Motion passed unanimously.
III. Public Comment	There was no public comment	
IV. Approval of Minutes 1. Minutes – Meeting July 10, 2024	Vice-President Zavala asked for a motion to approve the minutes of the July 10, 2024, meeting minutes.	Moved and seconded by Director De Lara and Vice-President Zavala to approve the July 10, 2024, meeting minutes. Motion passed unanimously.
V. CEO Report	There was no CEO Report.	
VI. Financial Report 1. Financial Statements 2. Deposits 3. Check Register 4. Credit Card Expenditures 5. General Grants Schedule	Chair Shorr reviewed the financials with no questions or comments from the committee.	Moved and seconded by Director De Lara and Vice-President Zavala to approve the July and August financial reports and forward to the Board for approval. Motion passed unanimously.
VII. Other Matters	There were no other matters.	
VIII. Adjournment	Chair Shorr adjourned the meeting at 5:36 p.m.	Audio recording available on the website at http://dhcd.org/Agendas-and-Documents

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

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

DESERT HEALTHCARE FOUNDATION					
SEPTEMBER 2024 FINANCIAL STATEMENTS					
INDEX					
Statement of Operations					
Balance sheet					
Allocation of Restricted Funds					
Deposit Detail					
Check Register					
Credit Card Expenditures					
Schedule of Grants					

Desert Healthcare Foundation
Profit & Loss Budget vs. Actual
July through September 2024

	MONTH			TOTAL		
	Sep 24	Budget	\$ Over Budget	Jul - Sep 24	Budget	\$ Over Budget
Income						
4000 · Gifts and Contributions	1,740	4,167	(2,427)	8,450	12,497	(4,047)
4003 · Grants	0	19,514	(19,514)	0	808,539	(808,539)
4116 · Bequests - Frederick Lowe	325	5,000	(4,675)	25,014	15,000	10,014
4130 · Misc. Income	0	83	(83)	0	249	(249)
8015 · Investment Interest Income	12,676	12,500	176	25,910	37,500	(11,590)
8040 · Restr. Unrealized Gain/(Loss)	(4,201)	12,500	(16,701)	262,718	37,500	225,218
Total Income	10,540	53,764	(43,224)	322,092	911,285	(589,193)
Expense						
5001 · Accounting Services Expense	1,194	1,202	(8)	3,582	3,602	(20)
5035 · Dues & Memberships Expense	0	42	(42)	0	126	(126)
5057 · Investment Fees Expense	4,036	4,167	(131)	11,798	12,501	(703)
5065 · Legal Costs Ongoing Expense	0	83	(83)	0	249	(249)
5101 · DHCD-Exp Alloc Wages& benefits	16,403	17,692	(1,289)	49,209	53,076	(3,867)
5102 · DHCD-Expenses - CVEC	6,869	25,000	(18,131)	9,181	75,000	(65,819)
5106 · Marketing & Communications	0	625	(625)	0	1,875	(1,875)
5110 · Other Expenses	829	625	204	2,540	1,875	665
5115 · Postage & Shipping Expense	0	8	(8)	0	24	(24)
5120 · Professional Fees Expense	0	83	(83)	0	249	(249)
8051 · Major grant expense	(600)	16,667	(17,267)	(5,875)	50,001	(55,876)
8052 · Grant Expense - Collective/Mini	0	125,833	(125,833)	0	377,499	(377,499)
Total Expense Before Social Services	28,731	192,027	(163,296)	70,435	576,077	(505,642)
5054 · Social Services Fund	6,000	8,000	(2,000)	6,000	24,000	(18,000)
Net Income	(24,191)	(146,263)	122,072	245,657	311,208	(65,551)

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of September 30, 2024

				Sep 30, 24	Sep 30, 23
ASSETS					
Current Assets					
Checking/Savings					
100 - CASH					
150 - Petty Cash				237	207
153 - Checking - US Bank - 7094				1,227,714	830,785
154 - Checking - US Bank - 4946				124,389	192,961
Total Checking/Savings				1,352,340	1,023,953
Total Accounts Receivable				14,837	300,613
Other Current Assets					
476-486 - INVESTMENTS					
477 - Morgan Stanley-Investments					
477.2 - Unrealized Gain/(Loss)				(57,136)	(287,416)
477 - Morgan Stanley-Investments - Other				973,312	2,074,229
Total 477 - Morgan Stanley-Investments				916,176	1,786,813
486 - Merrill Lynch					
486.1 - Merrill Lynch Unrealized Gain				898,909	465,089
486 - Merrill Lynch - Other				2,403,586	2,179,694
Total 486 - Merrill Lynch				3,302,495	2,644,783
Total 476-486 - INVESTMENTS				4,218,671	4,431,596
500 - CONTRIBUTIONS -RCVB -CRTS					
515 - Contrib RCVB-Pressler CRT				80,317	70,118
530 - Contrib RCVB-Guerts CRT				114,737	126,022
Total 500 - CONTRIBUTIONS -RCVB -CRTS				195,054	196,140
601 - Prepaid Payables				6,419	7,874
Total Other Current Assets				4,420,144	4,635,610
TOTAL ASSETS				5,787,321	5,960,176

Desert Healthcare Foundation
Balance Sheet Previous Year Comparison
As of September 30, 2024

				Sep 30, 24	Sep 30, 23
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
			1000 - Accounts Payable	6,146	177
			1052 - Account payable-DHCD Exp Alloc	52,848	0
			Total Accounts Payable	58,994	177
Other Current Liabilities					
			2183 - Grants Payable-COVID-CARES PHI	0	129,890
			2190 - Current - Grants payable	342,241	1,523,145
Long Term Liabilities					
			2186 - Grants payable	33,120	0
Total Liabilities				434,355	1,653,212
Equity					
			3900 - Retained Earnings	5,107,307	3,546,460
			Net Income	245,657	760,502
Total Equity				5,352,964	4,306,962
TOTAL LIABILITIES & EQUITY				5,787,321	5,960,176

DESERT HEALTHCARE FOUNDATION					
BALANCE SHEET 09/30/24					
ALLOCATION OF MAJOR CATEGORIES/LIABILITIES					
		T/B	GENERAL Fund	Restricted Funds	Trusts
ASSETS					
	150 · Petty Cash	237	237	-	-
	153 · Checking - US Bank 7094*	1,227,714	1,168,720	58,994	-
	154 · Checking - US Bank 4946*	124,389		124,389	
	Total 100 · CASH - UNRESTRICTED	1,352,340	1,168,957	183,383	-
Accounts Receivable					
	321 - Accounts Receivable - Other	14,837	-	14,837	
	Total Accounts Receivable	14,837	-	14,837	-
477 ·Morgan Stanley Investments					
	477.2 · Unrealized Gain	(57,136)	(57,136)		-
	477 ·Morgan Stanley	973,312	973,312		-
	Total 477 · Morgan Stanley Investments	916,176	916,176	-	-
6441	486.1 · Merrill Lynch Unrealized Gain	898,909	-	898,909	-
	486 · Merrill Lynch	2,403,586	2,083,618	319,968	-
	Total 486 · Merrill Lynch	3,302,495	2,083,618	1,218,877	-
	515 · Contrib RCVB-Pressler CRT	80,317	-	-	80,317
	530 · Contrib RCVB-Guerts CRT	114,737	-	-	114,737
	601 - Prepaid payables	6,419	6,419	-	-
	Total Current Assets	5,787,321	4,175,170	1,417,097	195,054
	TOTAL ASSETS	5,787,321	4,175,170	1,417,097	195,054
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
	1000 · Accounts Payable	6,146	-	6,146	-
	1052 - Account Payable - DHCD - Alloc Expenses	52,848	-	52,848	-
	Other Current Liabilities		-		
	2190 - Grants Payable - Current Portion	342,241	-	342,241	-
	Total Current Liabilities	401,235	-	401,235	-
	2186 - Grant Payable - Long Term	33,120	-	33,120	-
	Total Liabilities	434,355	-	434,355	-
Equity					
	3900 · Retained Earnings	5,107,307	3,929,511	982,742	195,054
	Net Income	245,657	245,657	-	-
	Total Equity	5,352,964	4,175,164	982,742	195,054
	TOTAL LIABILITIES & EQUITY	5,787,321	4,175,170	1,417,097	195,054
* Restricted funds include Accounts Payable & advance of USAging grant funds					

Desert Healthcare Foundation
Deposit Detail
 September 2024

Type	Date	Name	Account	Amount
Deposit	09/09/2024		153 - Checking - US Bank - 7094	325
		Warner Music Group Services	4116 - Bequests - Frederick Lowe	(325)
TOTAL				(325)
			TOTAL	325

Desert Healthcare Foundation
Check Register
As of September 30, 2024

Type	Date	Num	Name	Amount
100 - CASH				
153 - Checking - US Bank - 7094				
Bill Pmt -Check	09/12/2024	6061	Desert Aids Project (DAP Health) - Grant Payment	(15,908)
Check	09/16/2024		Bank Service Charge	(829)
Bill Pmt -Check	09/18/2024	6062	Clinicas De Salud Del Pueblo Inc. - Grant Payment	(14,224)
Bill Pmt -Check	09/18/2024	6063	DSUSD Educational Foundation - Grant Payment	(29,622)
Bill Pmt -Check	09/30/2024	6064-VOID	Desert Regional Medical Ctr Aux	0
Bill Pmt -Check	09/30/2024	6065	U.S. Bank	(2,893)
TOTAL				(63,476)

DESERT HEALTHCARE FOUNDATION								
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE								
September 30, 2024								
TWELVE MONTHS ENDING JUNE 30, 2025								
A/C 2190 and A/C 2186-Long term			6/30/2024	New Grants	Total Paid	9/30/2024		
Grant ID Nos.	Name		Open	Current Yr	July-June	Open		
			BALANCE	2024-2025		BALANCE		
BOD-04-24-18 & 06-28-22	Behavioral Health Initiative Collective Fund + Expansion		\$ 851,542		\$ 98,399	\$ 759,147		Behavioral Health
2018-BOD-06-26-18	Avery Trust Funds-Committed to Pulmonary services		\$ 485,052		\$ -	\$ 485,052		Avery Trust
2019-1006-BOD-06-25-19	DHCD - Homelessness Initiative Collective Fund		\$ 19,345		\$ 905	\$ 18,441		Homelessness
2021-1288-BOD-07-27-21	DAP Health (Borrego Community) - Improving Access to Healthcare - 3 Yrs		\$ 273,693		\$ 37,537	\$ 236,156		
Res. NO. 22-17	Carry-Over Funds*		\$ 477,916		\$ -	\$ 477,916		
BOD-05-28-24 FY 2024-2025 Budget	Environmental Health RFP		\$ 1,000,000		\$ -	\$ 1,000,000		
2024-MOU-BOD-06-25-24	HARC - 2025 Coachella Valley Health Survey - 2 Yrs.		\$ 66,240		\$ -	\$ 66,240		
TOTAL GRANTS			\$ 3,173,789	\$ -	\$ 136,840	\$ 3,042,952		
YTD Summary:				Uncommitted & Available				
Behavioral Health Initiative Collective Fund	\$ 759,147	\$ 686,182						
Avery Trust - Pulmonary Services	\$ 485,052	\$ 485,052						
West Valley Homelessness Initiative	\$ 18,441	\$ -						
Carry-Over Funds	\$ 477,916	\$ 477,916						
Environmental Health RFP	\$ 1,000,000	\$ 1,000,000						
Total	\$ 2,740,556	\$ 2,649,151						
Amts available/remaining for Grant/Programs - FY 2024-25:				FY25 Grant Budget		Social Services Fund #5054		
Amount budgeted 2024-2025		\$ 10,000	\$ 10,000			Budget	\$ 96,000	
Amount granted year to date		\$ -	\$ -			DRMC Auxiliary	\$ 6,000	Spent YTD
Mini Grants:						Eisenhower	\$ -	
Net adj - Grants not used:						Balance Available	\$ 90,000	
Contributions / Additional Funding								
Prior Year Commitments & Carry-Over Funds		\$ 1,477,916						
Balance available for Grants/Programs		\$ 1,487,916						

* Value listed in Total Paid column reflects funds granted from carryover funds. Actual grant payments will be reflected under the respective grant.

DESERT HEALTHCARE FOUNDATION								
OUTSTANDING PASS-THROUGH GRANTS AND GRANT PAYMENT SCHEDULE								
September 30, 2024								
FISCAL YEAR ENDING JUNE 30, 2025								
			TOTAL	6/30/2024	Current Yr	Total Paid	9/30/2024	Remaining
Grant ID Nos.	Name		Grant	Open	2024-2025	July-June	Payable	Funds
			BALANCE	BALANCE			BALANCE	BALANCE
BOD - 07/25/23 - USAging: Aging and Disability Vaccination Collaborative - End date 3/31/25								
Grant # 90HDCR0001-01-00	TOTAL CBOs		\$ 222,332	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
	Total DHCF		\$ 119,316	\$ 57,347	\$ -	\$ -	\$ 5,924	\$ 51,424
TOTAL GRANTS		TOTAL	\$ 341,648	\$ 82,347	\$ -	\$ -	\$ 5,924	\$ 76,424
							Account 2183	\$ -
Amts available/remaining for Grant/Programs - FY 2024-25:								
Pass-Through Organizations billed to date			\$ -					Grant Funds
Foundation Administration Costs			\$ 5,924					RFP
Contributions / Additional Funding	Reimbursements received and pending		\$ (5,924)		Total Grant		\$ 341,648	
Balance available for Grants/Programs			\$ -		Received to Date		\$ 307,483	
					Balance Remaining		\$ 34,165	



DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date: October 9, 2024
To: Finance & Administration Committee
Subject: Moss Levy & Hartzheim – FY2024 Audit Report – Foundation

Staff Recommendation: Consideration to approve the FY2024 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 not required this year due to the federal funding being below the threshold amount of \$750,000.
- 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 FY2024 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, 2024

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, 2024, 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, 2024, 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.

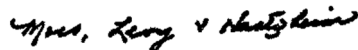
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, 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

We have previously audited the Foundation's financial statements as of and for the fiscal year ended June 30, 2023, and expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, 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 25, 2024

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023

	Totals	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,533,326	\$ 479,488
Grants receivable	22,587	183,530
Prepaid expenses	7,253	6,747
Accrued interest and dividend receivable	7,849	14,345
	<hr/>	<hr/>
Total current assets	1,571,015	684,110
	<hr/>	<hr/>
OTHER ASSETS		
Contributions receivable - charitable remainder trusts	195,054	196,140
Investments	3,868,092	4,429,454
Total other assets	4,063,146	4,625,594
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 5,634,161</u>	<u>\$ 5,309,704</u>
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable and accrued payroll	\$ 8,777	\$ 21,965
Grants payable - current	484,957	1,741,281
Total current liabilities	493,734	1,763,246
	<hr/>	<hr/>
Long-term liabilities:		
Grants payable - long-term	33,120	-
Total long-term liabilities	33,120	-
	<hr/>	<hr/>
Total liabilities	526,854	1,763,246
	<hr/>	<hr/>
NET ASSETS		
Without donor restrictions	2,256,541	452,164
Without donor restrictions- Board designated	1,477,916	1,544,156
With donor restrictions	1,372,850	1,550,138
	<hr/>	<hr/>
Total net assets	5,107,307	3,546,458
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,634,161</u>	<u>\$ 5,309,704</u>
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The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
REVENUES AND GAINS				
Contributions	\$ 76,635	\$ -	\$ 76,635	\$ 219,714
Grants	2,616,525	-	2,616,525	935,828
Bequests	57,510	-	57,510	57,520
Interest and dividends	92,263	27,654	119,917	114,841
Investment gains (losses)	235,793	70,675	306,468	190,543
Change in value - charitable trusts	-	(1,085)	(1,085)	7,751
Assets released from restrictions	274,532	(274,532)	-	-
Total revenues and gains	3,353,258	(177,288)	3,175,970	1,526,197
EXPENSES				
Program services	1,429,170	-	1,429,170	3,379,746
Management and general	185,951	-	185,951	698,382
Total expenses	1,615,121	-	1,615,121	4,078,128
INCREASE (DECREASE) IN NET ASSETS	1,738,137	(177,288)	1,560,849	(2,551,931)
NET ASSETS, BEGINNING OF FISCAL YEAR	1,996,320	1,550,138	3,546,458	6,098,389
NET ASSETS, END OF FISCAL YEAR	<u>\$ 3,734,457</u>	<u>\$ 1,372,850</u>	<u>\$ 5,107,307</u>	<u>\$ 3,546,458</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, 2024

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Totals	
			2024	2023
Salaries and benefits	\$ 114,792	\$ 88,264	\$ 203,056	\$ 148,751
Grant and social service expenses	1,314,378	-	1,314,378	3,866,780
Accounting services	-	13,910	13,910	11,500
Dues and memberships	-	27	27	26
Investment fees	-	46,733	46,733	44,418
Marketing and communications	-	5,545	5,545	2,508
Other expenses	-	31,472	31,472	4,144
TOTAL FUNCTIONAL EXPENSES	\$ 1,429,170	\$ 185,951	\$ 1,615,121	\$ 4,078,127

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, 2024

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,560,849	\$ (2,551,931)
Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities:		
(Gains) losses on investments	(235,793)	(190,543)
Increase (decrease) in operating assets:		
Grants receivable	160,943	2,033,679
Prepaid expenses	(506)	(3,747)
Contributions receivable	1,086	(7,751)
Accrued interest and dividends	6,496	(14,345)
Increase (decrease) in operating liabilities:		
Accounts payable	(13,188)	8,992
Grants payable	(1,223,204)	746,253
Net cash provided (used) by operating activities	256,683	20,607
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(1,428,105)	(1,001,327)
Proceeds from the sale of investments	2,225,260	943,572
Net cash provided (used) by investing activities	797,155	(57,755)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,053,838	(37,148)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	479,488	516,636
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 1,533,326	\$ 479,488

The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

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 \$1,477,916 and \$1,544,156 as of June 30, 2024 and 2023, 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 \$1,372,850 and \$1,550,138 at June 30, 2024 and 2023, respectively.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

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, 2024 the District allocated to the Foundation \$449,805 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. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management analyzed the tax position taken by the Foundation and has concluded that as of June 30, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Fiscal Year Summarized Comparative Information

The financial statements include certain prior fiscal 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 fiscal 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-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in the Foundation's balance sheet at June 30, 2024. Operating lease right-of-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, 2024.

New Accounting Pronouncement

Effective July 1, 2023, the Foundation adopted the provisions of FASB ASU 2016-13 *Financial Instruments- Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments*. The amendments in this update requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported as net income. The new guidance also affects loans, debt securities, trade receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. Adoption of this standard had no effect on the Foundation for the fiscal year ended June 30, 2024.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and investments	\$ 1,533,326	\$ 479,488
Investments	3,868,092	4,429,454
Grants receivable	22,587	183,530
Accrued interest and dividend receivable	7,849	14,345
Contributions receivable - CRT	195,054	196,140
Total financial assets	<u>5,626,908</u>	<u>5,302,957</u>
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (Note 7)	(1,372,850)	(1,550,138)
Board-designated funds (Note 1)	(1,477,916)	(1,544,156)
Interest in charitable remainder trust (Note 5)	(195,054)	(196,140)
Amount available for general expenditures within one year	<u>\$ 2,581,088</u>	<u>\$ 2,012,523</u>

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024.

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, 2024, of the Foundation's cash on hand was \$237, cash deposits was \$1,467,189, and money market funds were \$65,900. Bank balances were \$1,485,413 at June 30, 2024. Occasionally, the Foundation's cash balance in banks exceeds the Federal Deposit Insurance Corporation's insurance limits. At June 30, 2024, the Foundation's cash balance in banks exceeded the Federal Deposit Insurance Corporation's insurance limits in the amount of \$1,235,413.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

3. CASH AND INVESTMENTS (CONTINUED)

Investments

At June 30, 2024, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporate bonds	\$ 516,918	\$ 484,807	\$ (32,111)
U.S. Treasury notes	426,260	365,791	(60,469)
Marketable securities	<u>2,307,007</u>	<u>3,017,494</u>	<u>710,487</u>
Total Investments	<u>\$ 3,250,185</u>	<u>\$ 3,868,092</u>	<u>\$ 617,907</u>

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>

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.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

4. 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, 2024, 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, 2024 was \$3,868,092. (See Note 3)

5. CHARITABLE REMAINDER TRUSTS

The Foundation was named beneficiary to two charitable remainder unitrusts (whose trustees are someone other than the Foundation), both of which are recorded at fair value. The balances at June 30, 2024 and 2023 amounted to \$195,054 and \$196,140, respectively, and 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, 2024, which is the most current information available, the estimated present value of future cash flows was \$114,737.

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, 2024 was \$80,317.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

6. GRANTS PAYABLE

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

	<u>2024</u>	<u>2023</u>
<u>Grants</u>		
Improving Healthcare Access in Black Communities	\$ 273,693	\$ 423,971
Avery Trust - Pulmonary	-	47,000
Coachella Valley Health Survey	66,240	-
Behavioral Health Initiative Collective Fund	178,144	1,137,201
	<u>518,077</u>	<u>1,608,172</u>
 <u>COVID-19 Related Grants</u>		
El Sol Neighborhood Education Center	-	23,493
Todec Legal Center	-	11,752
Alianza Coachella Valley	-	11,275
Vision Y Compromiso	-	54,630
Youth Leadership Institute	-	6,808
Galilee Center	-	23,008
	<u>-</u>	<u>130,966</u>
 <u>Other Pass-Through Grants</u>		
ABC Recovery	-	2,143
	<u>-</u>	<u>2,143</u>
 Total Grants Payable	<u>\$ 518,077</u>	<u>\$ 1,741,281</u>
 Grants payable- current	484,957	1,741,281
Grants payable- long-term	33,120	-
	<u>\$ 518,077</u>	<u>\$ 1,741,281</u>

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

WITH COMPARATIVE TOTALS AT JUNE 30, 2023

7. NET ASSETS – WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Behavioral Health Initiative Collective Fund	\$ 673,399	\$ 795,702
Avery Trust- Pulmonary Services	485,052	485,243
West Valley Homelessness Initiative	19,345	71,557
Health Portal	-	1,496
Charitable Remainder Trust	<u>114,737</u>	<u>126,022</u>
	<u>1,292,533</u>	<u>1,480,020</u>
Subject to the passage of time:		
Charitable Remainder Trust	<u>80,317</u>	<u>70,118</u>
	<u>80,317</u>	<u>70,118</u>
Net Assets - with donor restrictions	<u>\$ 1,372,850</u>	<u>\$ 1,550,138</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, 2024, the District provided the Foundation with personnel services in the amount of \$449,805, of which \$335,013 is included in management and general expenses and \$114,792 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's prior CEO's wife is the associate director of one of the CBO's, Vision y Compromiso. The cumulative total of grants awarded to Vision y Compromiso were \$572,000. Total grant funds expended to Vision y Compromiso for the year ended June 30, 2024 and 2023 amounted to \$370,625 and \$0, respectively. During the 2023-2024 fiscal year, the prior CEO's contract was terminated.

9. SUBSEQUENT EVENTS

The Foundation evaluated all potential subsequent events as of September 25, 2024 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2024 or as of September 25, 2024 that require disclosure to the financial statements.