



**DESERT HEALTHCARE FOUNDATION
BOARD MEETING
Board of Directors
October 24, 2017
4:00 p.m.**

Or As Soon After The Adjournment of the Desert Healthcare District Board Meeting

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

<i>Page(s)</i>	AGENDA	<i>Item Type</i>
	<i>Any item on the agenda may result in Board Action</i>	
	<p>A. CALL TO ORDER – President Rogers Roll Call _____ Director Zendle _____ Director Wortham _____ Director Matthews _____ Vice-President Hazen _____ President Rogers</p>	
	<p>B. APPROVAL OF AGENDA</p>	Action
	<p>C. PUBLIC COMMENT At this time, comments from the audience may be made on items <i>not</i> 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.</p>	
	<p>D. CONSENT AGENDA 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.</p>	
3-8	<p>1. BOARD MINUTES a. Meeting Minutes of September 26, 2017</p>	
9-17	<p>2. FINANCE AND ADMINISTRATION a. Consideration for Approval Foundation September 2017 Financial Statements F&A Committee approved October 10, 2017</p>	



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<i>Page(s)</i>	AGENDA	<i>Item Type</i>
	E. DESERT HEALTHCARE FOUNDATION CEO REPORT	Information
	F. FINANCE & ADMINISTRATION COMMITTEE	
18-20	a. Draft Minutes of the October 10, 2017 F&A Committee Meeting	Information
21-33	b. Consideration to Approve FYE 06/30/2017 Audit Report for the Desert Healthcare Foundation F&A Committee approved October 10, 2017	Action
	G. OLD BUSINESS	
34-35	1. cvHIP Metrics - Alejandro Espinoza, Program Officer and Outreach Director	Information
	H. NEW BUSINESS	
	I. LEGAL COUNSEL COMMENTS & REPORTS	Information
	J. DIRECTOR'S COMMENTS & REPORTS	Information
	K. ADJOURNMENT	Information

**DESERT HEALTHCARE FOUNDATION
BOARD OF DIRECTORS
MEETING MINUTES
September 26, 2017**

A Meeting of the Board of Directors of the Desert Healthcare District was held in the Arthur H. "Red" Motley Boardroom, Palm Springs, CA.

Attendance

Members

Carole Rogers, RN – President

Mark Matthews – Treasurer

Jennifer Wortham, Dr.PH - Director

Dr. Les Zendle – Director

Staff

Herb K. Schultz, CEO

Chris Christensen, CFO

Donna Craig, Senior Program Officer

Alejandro Espinoza, Program Officer and Outreach Director

Andrea S. Hayles, Clerk to the Board

Absent

Kay Hazen – Vice-President/Secretary

Legal Counsel

Jeffrey G. Scott

Guests

None

CALL TO ORDER

The meeting was called to order at 3:47 p.m. by President Rogers.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

#17-26 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve the agenda.

Motion passed unanimously.

Roll Call Vote:

AYES **4 Director Zendle; Director Matthews; Director Wortham;
Vice-President Hazen; President Rogers**

NOES: **0**

ABSTAIN:

ABSENT: **1 Vice-President Hazen**

Motion Passed 4-0

PUBLIC COMMENT

None

CONSENT AGENDA

Submitted for approval:

1. Board Minutes
 - a. Meeting Minutes of July 25, 2017
2. Finance and Administration
 - a. Consideration for approval Foundation July – August 2017 Financial Statements.
 - b. Request to appropriate \$70,000 of Foundation operating funds to Ready Set Swim
 - c. Boys & Girls Club – Ready Set Swim – Service Agreement \$10,792
 - d. Desert Recreation District – Ready Set Swim – Service Agreement \$140,860
 - e. Desert Recreation District – Ready Set Swim, Jr. – Service Agreement \$100,100
F&A Committee approved September 12, 2017

**#17-27 MOTION WAS MADE by Move Director Zendle and seconded by Director Matthews to remove items 2.b. through e. from the Consent Agenda.
Motion passed unanimously.**

Roll Call Vote:

**AYES 4 Director Zendle; Director Matthews; Director Wortham;
 Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 1 Vice-President Hazen

Motion Passed 4-0

**#17-28 MOTION WAS MADE by Move Director Zendle and seconded by Director Matthews to approve the Consent Agenda for items 1.a. and 2.a.
Motion passed unanimously.**

Roll Call Vote:

**AYES 4 Director Zendle; Director Matthews; Director Wortham;
 Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 1 Vice-President Hazen

Motion Passed 4-0

DESERT HEALTHCARE DISTRICT CEO REPORT

- 1. Southern California Grant Makers Membership

Herb K. Schultz, CEO explained the aspects of the District/Foundation’s new membership with Southern California Grant Makers.

FINANCE & ADMINISTRATION COMMITTEE

- 1. Draft Minutes of the September 12, 2017 F&A Committee Meeting
- 2. Consideration for approval Foundation July – August 2017 Financial Statements.

#17-29 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve the July-August 2017 Financial Statements.

Motion passed unanimously.

Roll Call Vote:

**AYES 4 Director Zendle; Director Matthews; Director Wortham;
 Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 1 Vice-President Hazen

Motion Passed 4-0

- 3. Request to appropriate \$70,000 of Foundation operating funds to Ready Set Swim

#17-30 MOTION WAS MADE by Move Director Zendle and seconded by Director Matthews to approve appropriations of \$70,000 of Foundation operating funds to Ready Set Swim.

Motion passed unanimously.

Roll Call Vote:

**AYES 4 Director Zendle; Director Matthews; Director Wortham;
 Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 1 Vice-President Hazen

Motion Passed 4-0

- 4. Boys & Girls Club – Ready Set Swim – Service Agreement \$10,792

#17-31 MOTION WAS MADE by Move Director Zendle and seconded by President Rogers to approve Boys & Girls Club – Ready Set Swim – Service Agreement \$10,792.

Motion passed unanimously.

Roll Call Vote:

AYES **4 Director Zendle; Director Matthews; Director Wortham;
Vice-President Hazen; President Rogers**

NOES: **0**

ABSTAIN:

ABSENT: **1 Vice-President Hazen**

Motion Passed 4-0

5. Desert Recreation District – Ready Set Swim – Service Agreement \$140,860

#17-32 MOTION WAS MADE by Move Director Zendle and seconded by President Rogers to approve Desert Recreation District – Ready Set Swim – Service Agreement \$140,860. Motion passed unanimously.

Roll Call Vote:

AYES **4 Director Zendle; Director Matthews; Director Wortham;
Vice-President Hazen; President Rogers**

NOES: **0**

ABSTAIN:

ABSENT: **1 Vice-President Hazen**

Motion Passed 4-0

6. Desert Recreation District – Ready Set Swim, Jr. – Service Agreement \$100,100

#17-33 MOTION WAS MADE by Move Director Zendle and seconded by President Rogers to approve Desert Recreation District – Ready Set Swim, Jr. – Service Agreement \$100,100.

Motion passed unanimously.

Roll Call Vote:

AYES **4 Director Zendle; Director Matthews; Director Wortham;
Vice-President Hazen; President Rogers**

NOES: **0**

ABSTAIN:

ABSENT: **1 Vice-President Hazen**

Motion Passed 4-0

OLD BUSINESS

- 1. cvHIP Metrics
Herb K. Schultz, CEO outlined the cvHIP Metrics.

- 2. Desert Highland Gateway Leadership Breakfast – Director Zendle explained the success of the Leadership Breakfast.
Director Zendle explained the aspects of the Desert Highland Gateway Leadership Breakfast stating that he was impressed with the students, other participants and overall optimism of those in attendance.

- 3. Flying Doctors
Herb K. Schultz, CEO explained the \$2,500 provided to assist with testing equipment for the Flying Doctors event.

NEW BUSINESS

- 1. Consideration to approve a Memorandum of Understanding with Coachella Valley Association of Governments (CVAG) for the West Valley Homelessness Initiative.

Donna Craig, Senior Program Officer explained the CVAG MOU for the West Valley Homelessness Initiative.

#17-34 MOTION WAS MADE by Director Zendle and seconded by Director Wortham to approve a Memorandum of Understanding with Coachella Valley Association of Governments (CVAG) for the West Valley Homelessness Initiative. Motion passed unanimously.

Roll Call Vote:

AYES 4 Director Zendle; Director Matthews; Director Wortham; President Rogers

NOES: 0

ABSTAIN:

ABSENT: 1 Vice-President Hazen

Motion Passed 4-0

- 2. Consideration to approve a Memorandum of Understanding with City of Palm Springs for the West Valley Homelessness Initiative.

Donna Craig, Senior Program Officer explained the City of Palm Springs MOU for the West Valley Homelessness Initiative.

#17-35 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve a Memorandum of Understanding with City of Palm Springs for the West Valley Homelessness Initiative.

Motion passed unanimously.

Roll Call Vote:

AYES **4 Director Zendle; Director Matthews; Director Wortham;
President Rogers**

NOES: **0**

ABSTAIN:

ABSENT: **1 Vice-President Hazen**

Motion Passed 4-0

LEGAL COUNSEL COMMENTS & REPORTS

No report was given.

DIRECTOR’S COMMENTS & REPORTS

PEACEfest Coachella Valley – an annual fundraiser drawing attention to homelessness and hunger.

Director Wortham explained the PEACEfest Coachella Valley to focus on homelessness and hunger, the first collaboration with the former Riverside County CEO, Jay Orr, Supervisor Perez during his tenure as Assemblymember, and Golden Voice. Director Wortham proposes that Staff explore the concept and bring back to the Board for approval in April or May 2018. Herb K. Schultz, CEO stated that the new Communications & Marketing Director, once hired, will incorporate grant funding in the overall communications and marketing plan. Further explaining that September or October would be an ideal time to begin the work while the transformation is still ongoing.

ADJOURNMENT

The meeting was adjourned at 4:18 p.m.

ATTEST: _____
Carole Rogers, President
Desert Healthcare Foundation Board of Directors

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

DESERT HEALTHCARE FOUNDATION					
SEPTEMBER 2017 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				
BALANCE SHEET 09/30/17				
ALLOCATION OF MAJOR CATEGORIES/LIABILITIES				
		T/B	GENERAL	Restricted
			Fund	Funds
				Trusts
ASSETS				
	146 · Checking Pacific Premier 6718	1,961,672	161,672	1,800,000
	149 · Money Market Pacific Premier Bank	1,934	1,934	
	150 · Petty Cash	200	200	
	Total 100 · CASH - UNRESTRICTED	1,963,806	163,806	1,800,000
	Accounts Receivable			
	324- RSS Jr. Receivable	8,761	8,761	
	Total Accounts Receivable	8,761	8,761	-
	477 · Invt-Morgan Stanley			
	477.2 · Unrealized Gain	26,208	26,208	
	477 · Invt-Morgan Stanley	1,789,808	1,201,124	588,684
	Total 477 · Invt-Morgan Stanley	1,816,016	1,227,332	588,684
	6441 486.1 · Merrill Lynch Unrealized Gain	174,747	174,747	
	486 · Merrill Lynch	583,674	583,674	-
	Total 486 · Merrill Lynch	758,421	758,421	-
	515 · Contrib RCVB-Pressler CRT	66,928		66,928
	530 · Contrib RCVB-Guerts CRT	119,011		119,011
	601 · Prepaid payables	3,616	3,616	
	Total Current Assets	4,736,559	2,161,936	2,388,684
	TOTAL ASSETS	4,736,559	2,161,936	2,388,684
	LIABILITIES & EQUITY			
	Liabilities			
	Current Liabilities			
	Accounts Payable			
	1000 · Accounts Payable	-	-	
	1052 - Account Payable - DHCD - Alloc Expenses	101,738	101,738	
	2190 - Grants Payable - Current Portion	2,188,684		2,188,684
	Total Current Liabilities	2,290,422	101,738	2,188,684
	2186 - Grant Payable - Long Term	200,000		200,000
	Total Liabilities	2,490,422	101,738	2,388,684
	Equity			
	3900 · Retained Earnings	2,295,496	2,109,557	185,939
	Net Income	(49,360)	(49,360)	
	Total Equity	2,246,137	2,060,198	-
	TOTAL LIABILITIES & EQUITY	4,736,559	2,161,936	2,388,684

Desert Healthcare Foundation
Profit & Loss Budget vs. Actual
 July through September 2017

	MONTH			TOTAL		
	Sep 17	Budget	\$ Over Budget	Jul - Sep 17	Budget	\$ Over Budget
Income						
4000 · Gifts and Contributions	0	100,000	(100,000)	0	300,000	(300,000)
4003 · Grants	0	100,000	(100,000)	2,000,000	300,000	1,700,000
4007 · Grant Income - RSS Jr	8,761			14,429		
4116 · Bequests - Frederick Lowe	2,311	6,667	(4,356)	20,548	20,001	547
4130 · Misc. Income	0	83	(83)	0	249	(249)
8015 · Investment Interest Income	6,799	5,000	1,799	16,672	15,000	1,672
8030 · Change in Value of CRT's	0	500	(500)	515	1,500	(985)
8040 · Restr. Unrealized (Gain/Loss)	4,605	2,083	2,522	22,027	6,249	15,778
Total Income	22,476	214,333	(191,857)	2,074,192	642,999	1,431,193
Expense						
5001 · Accounting Services Expense	628	628	0	1,884	1,884	0
5035 · Dues & Memberships Expense	0	100	(100)	0	300	(300)
5057 · Investment Fees Expense	1,144	1,933	(789)	6,066	5,799	267
5065 · Legal Costs Ongoing Expense	0	100	(100)	0	300	(300)
5101 · DHCD-Exp Alloc Wages & benefits	26,563	51,096	(24,533)	79,689	153,288	(73,599)
5106 · Marketing & Communications	5,800	20,833	(15,033)	5,800	62,499	(56,699)
5110 · Other Expenses	25	21	4	25	63	(38)
5115 · Postage & Shipping Expense	0	8	(8)	0	24	(24)
5120 · Professional Fees Expense	0	83	(83)	8,269	249	8,020
5210 · RSS Jr - Expense Clearing Acct	(746)		(746)	1,389		1,389
8051 · Major grant expense	0	25,000	(25,000)	0	75,000	(75,000)
8052 · Grant Expense - Collective/Mini	0	1,667	(1,667)	2,000,000	5,001	1,994,999
8053 · Grant Expense - RSS Jr	8,761		8,761	14,429		14,429
Total Expense Before Social Services Fund	42,175	101,469	(59,294)	2,117,552	304,407	1,813,145
5054 · Social Services Fund	0	2,083	(2,083)	6,000	6,249	(249)
Net Income	(19,699)	110,781	(130,480)	(49,360)	332,343	(381,703)

Desert Healthcare Foundation
Balance Sheet
As of September 30, 2017

		Sep 30, 17
ASSETS		
Current Assets		
Checking/Savings		
100 · CASH		
	146 · Checking - Pacific Premier 6718	1,961,672
	149 · Money Market - Pacific Premier	1,934
	150 · Petty Cash	200
	Total Checking/Savings	1,963,806
Accounts Receivable		
	324 · RSS Jr Receivable	8,761
Other Current Assets		
476-486 · INVESTMENTS		
	477 · Morgan Stanley-Investments	
	477.2 · Unrealized Gain/(Loss)	26,208
	477 · Morgan Stanley-Investments - Other	1,789,808
	Total 477 · Morgan Stanley-Investments	1,816,016
	486 · Merrill Lynch	
	486.1 · Merrill Lynch Unrealized Gain	174,747
	486 · Merrill Lynch - Other	583,674
	Total 486 · Merrill Lynch	758,421
	Total 476-486 · INVESTMENTS	2,574,437
500 · CONTRIBUTIONS -RCVB -CRTS		
	515 · Contrib RCVB-Pressler CRT	66,928
	530 · Contrib RCVB-Guerts CRT	119,011
	Total 500 · CONTRIBUTIONS -RCVB -CRTS	185,939
	601 · Prepaid Payables	3,616
	Total Other Current Assets	2,763,992
	Total Current Assets	4,736,559
Other Assets		
	460 · Investments - Point Center Fin	
	461 · Reserve - Point Center - Loan	(25,015)
	460 · Investments - Point Center Fin - Other	25,015
	Total Other Assets	-
	TOTAL ASSETS	4,736,559

Desert Healthcare Foundation
Balance Sheet
As of September 30, 2017

		Sep 30, 17
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
1052 · Account payable-DHCD Exp Alloc		101,738
Other Current Liabilities		
2101 · Payroll Liabilities		21
2184 · Grant Payable - RSS Jr		(540)
2190 · Current - Grants payable		2,189,203
Total Other Current Liabilities		2,188,684
Total Current Liabilities		2,290,422
Long Term Liabilities		
2186 · Grants payable		200,000
Total Liabilities		2,490,422
Equity		
3900 · Retained Earnings		2,295,496
Net Income		(49,360)
Total Equity		2,246,137
TOTAL LIABILITIES & EQUITY		4,736,559

Desert Healthcare Foundation
Deposit Detail
 September 2017

Type	Date	Name	Amount
Deposit	09/29/2017		7,979
		Riverside County Treasurer	(5,668)
		Warner Music Group Services	(2,311)
TOTAL			(7,979)

Desert Healthcare Foundation
Check Register
As of September 30, 2017

Type	Date	Num	Name	Amount
146 - Checking - Pacific Premier 6718				
Bill Pmt -Check	09/08/2017	10772	Mary Odell	(8,269)
Bill Pmt -Check	09/08/2017	10773	Ronald A Stewart	(675)
Bill Pmt -Check	09/20/2017	10774	Alejandro Espinoza	(282)
Bill Pmt -Check	09/20/2017	10775	Southern California Grantmakers	(4,600)
Bill Pmt -Check	09/26/2017	10776	Cardmember Services	(29)
Bill Pmt -Check	09/26/2017	10777	Deiter Crawford.	(13)
Bill Pmt -Check	09/26/2017	10778	Marjorie L. Holland	(128)
Bill Pmt -Check	09/26/2017	10779	Run With Los Muertos	(1,200)
TOTAL				(15,196)

Desert Healthcare Foundation						
Details for credit card Expenditures						
Credit card purchases - August 2017 - Paid September 2017						
Number of credit cards held by Foundation personnel -1						
Credit Card Limit - \$5,000						
Credit Card Holders:						
Chris Christensen - Chief Executive Officer						
Routine types of charges:						
Office Supplies, Dues for membership, Supplies for Projects, Programs, etc.						
Year	Statement		Expense Type	Amount	Purpose	
	Month Charged	Total Charges				
Chris' Statement:						
2017		\$ 28.53	Foundation			
			2190	\$ 3.53	cvHIP Facebook ads	
			5110	\$ 25.00	Staff Donation (Personal) - Reimbursed to Petty Cash	
				\$ 28.53		

**DESERT HEALTHCARE FOUNDATION
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE**

As of 09/30/17

TWELVE MONTHS ENDED JUNE 30, 2018

A/C 2190 and A/C 2186-Long term		6/30/2017 Open	New Grants Current Yr	Total Paid	9/30/2017 Open	
Grant ID Nos.	Name	BALANCE	2017-2018	July-June	BALANCE	
BOD - 11/21/13	California Health Portal 2014 and 2015 - \$200K	\$ 42,451		\$ 2,416	\$ 40,035	HP
DHCD BOD 1/28/14	DHCD BOD - approved \$50K for Collective fund	\$ 27,757		\$ -	\$ 27,757	Shared Facility
Restricted Donation	Cal Endowment - \$130K for collective fund	\$ 10,000		\$ -	\$ 10,000	Shared Facility
	Mayor's Check recorded - \$100K HP	\$ 100,000		\$ -	\$ 100,000	100 HP
	Mayor's Check recorded - \$100K HP	\$ 100,000		\$ -	\$ 100,000	100 HP
3/17/16 - Mayor's Race	Mayor's Check recorded - \$100K RSS	\$ 97,296		\$ 5,813	\$ 91,482	Swim
BOD - 9/27/16 (#918)	Desert Highland Gateway Community Health & Wellness	\$ 39,788		\$ 19,859	\$ 19,929	DHG
BOD - 7/25/17 (#937)	West Valley Homelessness Initiative - Matching Grant		\$ 2,000,000	\$ -	\$ 2,000,000	Homelessness
TOTAL GRANTS		\$ 417,292	\$ 2,000,000	\$ 28,089	\$ 2,389,203	
Summary: As of 09/30/17		\$ 217,292		A/C 2190	\$ 2,189,203	
Health Portal:	\$ 240,035	\$ 200,000		A/C 2186	\$ 200,000	
Swim	\$ 91,482	\$ 417,292		Total	\$ 2,389,203	
West Valley Homelessness Initiative	\$ 2,000,000	\$ -		Diff	\$ -	
Shared facility use:						
Cal Endow and School Dist	\$ 37,757					
DHG:	\$ 19,929					
Total	\$ 2,389,203					
Amts available/remaining for Grant/Programs - FY 2017-18:			FY17 Grant Budget			
Amount budgeted 2017-2018		\$ 300,000	\$ 300,000			
Amount granted through September 30, 2017:		\$ (2,000,000)				
Mini Grants:		\$ -				
Net adj - Grants not used:						
Balance available for Grants/Programs		\$ (1,700,000)				

**DESERT HEALTHCARE FOUNDATION
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
MEETING MINUTES
October 10, 2017**

A Meeting of the Finance, Administration, Real Estate and Legal Committee of the Desert Healthcare Foundation was held in the Desert Healthcare District Conference Room, 2nd Floor, Palm Springs, CA.

Attendance:

Members

Mark Matthews, Chairman/Treasurer
Director Les Zendle

Absent

Herb Schultz, CEO

Staff

Chris Christensen, CFO
Donna Craig, Senior Program Officer
Alejandro Espinoza,
Mary Pannoni, Accounting/Admin Support
Andrea S. Hayles, Clerk to the Board

Community Members

Sid Rubenstein, Community Member
Arthur Shorr, Community Member

CALL TO ORDER

The meeting was called to order at 3:41p.m. by Chair Matthews.

APPROVAL OF AGENDA

It was moved and seconded (Community Member Shorr, Community Member Rubenstein) to approve the agenda. Motion passed unanimously.

PUBLIC COMMENT

There were no public comments.

APPROVAL OF MINUTES

Submitted for approval:

1. Minutes – September 12, 2017

It was moved and seconded (Director Zendle, Community Member Shorr) to approve the minutes of September 12, 2017. Motion passed unanimously.

CEO REPORT - None

FINANCIAL REPORTS

1. Financial Statements
The September 2017 financial statements were reviewed.
2. Asset Allocations Schedule - September 2017
The asset allocation schedule was reviewed.
3. Deposits
The September 2017 deposit detail was reviewed.
4. Check Register
The September 2017 check register was reviewed.
5. General Grants Schedule
The general grants schedule was reviewed.

It was moved and seconded (Director Zendle, Community Member Rubenstein) to approve the September 2017 Foundation Financial Reports and forward to the Board for approval.

Motion passed unanimously.

OTHER MATTERS

1. Craig Hartzheim – Moss Levy & Hartzheim – FY 2017 Audit Report
 - a. Management Letter, Communication Letter, Internal Controls
 - b. Foundation Audit Report

Craig Hartzheim, Partner, Moss Levy & Hartzheim explained the FY 2017 Audit Report, stating that there were no significant differences except the deferred plan income of \$2M. Chris Christensen, CFO explained that the \$2M is the commitment to the West Valley Homelessness Initiative that was accepted by the Foundation at the time of the audit. Mr. Christensen explained that another notable item is the charitable trust \$86,000 to the Foundation as a beneficiary.

Chair Matthews inquired as a public agency the process for F&A Committee members to speak one on one with the auditors to ensure due diligence similar to a pre-audit meeting or exit interview. Mr. Hartzheim explained that if he felt there was concerns, the auditor would go directly to the CEO or the Board if there were issues with the CEO. Mr. Hartzheim also stated that he is more than willing to hold a pre-audit meeting or exit interview for the Committee.

It was moved and seconded (Director Zendle, Community Member Shorr) to approve the Craig Hartzheim – Moss Levy & Hartzheim – FY 2017 Audit Report to forward the Board for approval.

ADJOURNMENT

The meeting was adjourned at 3:55 p.m.

ATTEST: _____

Mark Matthews, Chairman Finance and Administration Committee/Treasurer
Desert Healthcare District Board of Director

DESERT HEALTHCARE FOUNDATION
PALM SPRINGS, CALIFORNIA
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2017

DESERT HEALTHCARE FOUNDATION

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

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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, 2017 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.

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, 2017 and the changes in its 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.

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.

Report on Comparative Summarized Information

We have previously audited the Foundation's 2016 financial statements, and our report dated October 5, 2016 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
October 5, 2017

DESERT HEALTHCARE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
ASSETS				
Cash and cash equivalents	\$ 2,017,563	\$ -	\$ 2,017,563	\$ 206,897
Grants receivable	14,477		14,477	102,047
Prepaid expenses	2,500		2,500	2,800
Accrued interest and dividend receivable	11,532		11,532	9,781
	<u>2,046,072</u>		<u>2,046,072</u>	<u>321,525</u>
OTHER ASSETS				
Contributions receivable - charitable remainder trusts		185,939	185,939	204,175
Assets held in charitable remainder trusts		86,207	86,207	78,576
Investments	2,410,881		2,410,881	2,352,838
Total other assets	<u>2,410,881</u>	<u>272,146</u>	<u>2,683,027</u>	<u>2,635,589</u>
TOTAL ASSETS	<u>\$ 4,456,953</u>	<u>\$ 272,146</u>	<u>\$ 4,729,099</u>	<u>\$ 2,957,114</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities:				
Accounts payable and accrued payroll	\$ 16,312	\$ -	\$ 16,312	\$ 2,838
Deferred grant income	2,000,000		2,000,000	
Grants payable - current	217,292		217,292	647,106
Total current liabilities	<u>2,233,604</u>		<u>2,233,604</u>	<u>649,944</u>
Long-term liabilities:				
Grants payable - long-term	200,000		200,000	200,000
Total long-term liabilities	<u>200,000</u>		<u>200,000</u>	<u>200,000</u>
Total liabilities	<u>2,433,604</u>		<u>2,433,604</u>	<u>849,944</u>
NET ASSETS	<u>2,023,349</u>	<u>272,146</u>	<u>2,295,495</u>	<u>2,107,170</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,456,953</u>	<u>\$ 272,146</u>	<u>\$ 4,729,099</u>	<u>\$ 2,957,114</u>

The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016
SUPPORT AND REVENUE				
Contributions	\$ 4,980	\$ -	\$ 4,980	\$ 105,305
Grants and bequests	120,306		120,306	405,752
Interest and dividends	57,334		57,334	73,802
Investment gains	58,111		58,111	86,039
Sale of mineral rights	55,000		55,000	
Miscellaneous income	18,406		18,406	
Change in value - charitable trusts		(10,605)	(10,605)	12,333
Total support and revenue	314,137	(10,605)	303,532	683,231
EXPENSES				
Grants and services	60,590		60,590	368,233
Management and general	54,617		54,617	64,009
Total expenses	115,207		115,207	432,242
INCREASE (DECREASE) IN NET ASSETS	198,930	(10,605)	188,325	250,989
NET ASSETS, BEGINNING OF YEAR	1,824,419	282,751	2,107,170	1,856,181
NET ASSETS, END OF YEAR	\$ 2,023,349	\$ 272,146	\$ 2,295,495	\$ 2,107,170

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, 2017

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Grants and Services	Management and General	Totals	
			2017	2016
Grants and social services	\$ 60,589	\$ -	\$ 60,589	\$ 368,233
Other expenses		369	369	210
Professional fees		54,248	54,248	63,799
TOTAL FUNCTIONAL EXPENSES	\$ 60,589	\$ 54,617	\$ 115,206	\$ 432,242

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, 2017

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from public support	\$ 2,212,856	\$ 844,010
Cash paid to suppliers	(531,247)	(1,151,690)
Miscellaneous cash receipts	73,406	
Interest and dividends received	55,583	64,021
Net cash provided (used) by operating activities	<u>1,810,598</u>	<u>(243,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment activity	<u>68</u>	<u>374,715</u>
Net cash provided by investing activities	<u>68</u>	<u>374,715</u>
NET INCREASE IN CASH	1,810,666	131,056
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>206,897</u>	<u>75,841</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u><u>\$ 2,017,563</u></u>	<u><u>\$ 206,897</u></u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Increase in net assets	\$ 188,325	\$ 250,989
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Net (gains) on investments	(58,111)	(86,039)
Increase (decrease) in assets		
Grants receivable	87,570	332,953
Other current assets	300	(300)
Charitable trusts	10,605	(12,333)
Accrued interest and dividends	(1,751)	(9,781)
Increase (decrease) in liabilities		
Accounts payable	13,474	(31,698)
Deferred grant income	2,000,000	
Grants payable	(429,814)	(687,450)
Total adjustments	<u>1,622,273</u>	<u>(494,648)</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,810,598</u></u>	<u><u>\$ (243,659)</u></u>

The accompanying notes are an integral part of these financial statements

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 has temporarily restricted net assets of \$272,146 at June 30, 2017. The Foundation did not have any permanently restricted net assets at June 30, 2017.

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.

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 is 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 to the Foundation the use of its office facilities at no charge. For the fiscal year ended June 30, 2017 the District allocated to the Foundation \$25,524 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.

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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.

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.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017 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, 2017 was \$2,410,881. (See Note 3)

3. CASH AND INVESTMENTS

Demand Deposits

The carrying amounts, at June 30, 2017, of the Foundation's cash deposits were \$1,984,893 and money market funds were \$32,670. Bank balances were \$1,984,893 at June 30, 2017. The Foundation occasionally carries cash balances in banks in excess of the Federal Deposit Insurance Corporation's insurance limits.

Investments

At June 30, 2017, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporate bonds	\$ 873,796	\$ 891,720	\$ 17,924
U.S. Government agencies	263,597	264,575	978
U.S. Treasury notes	429,340	434,550	5,210
Municipal bonds	90,685	94,228	3,543
Marketable securities	557,886	725,808	167,922
Total Investments	<u>\$2,215,304</u>	<u>\$2,410,881</u>	<u>\$ 195,577</u>

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 I (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. The donor passed away May 30, 2015. As of June 30, 2017 the Foundation has a receivable in the amount of \$86,207.

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, 2016, which is the most current information available, the estimated present value of future cash flows was \$119,011.

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, 2017 was \$66,928.

DESERT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

5. GRANTS AND SERVICES PAYABLE

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

	<u>2017</u>	<u>2016</u>
Grant for Health Portal	\$ 242,451	\$ 298,016
Grant for Swim Lessons	97,296	257,578
Boys and Girls Stabilization		155,000
Alliance-School Program		82,987
California Endowment and School District	37,757	37,757
North Palm Springs		15,768
Desert Highland Gateway Health & Wellness	<u>39,788</u>	
	<u>\$ 417,292</u>	<u>\$ 847,106</u>

6. 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, 2017 and 2016 are subject to the following restrictions:

	<u>2017</u>	<u>2016</u>
<u>Time Restrictions</u>		
Contributions receivable - charitable remainder trusts	\$ 185,939	\$ 204,175
Assets held in charitable remainder trusts	<u>86,207</u>	<u>78,576</u>
	<u>\$ 272,146</u>	<u>\$ 282,751</u>

7. SUBSEQUENT EVENTS

The Foundation evaluated all potential subsequent events as of October 5, 2017 when the financial statements were authorized and available to be issued. No subsequent events or transaction were identified after June 30, 2017 or as of October 5, 2017 that require disclosure to the financial statements.

Summary of Activity July 17, 2017 to October 9, 2017

Active Users: 1598

Programs viewed: 1277

Top Five (5) Search Terms *

1. Housing (541)
2. Counseling (224)
3. Food (99)
4. Mental Health (94)
5. Transportation (89)

Top Five (5) Binders *

1. Homeless (890)
2. Seniors (716)
3. Food Assistance (685)
4. Mental Health (650)
5. Disabled (587)

Top five (5) viewed programs*

1. WIC (79)
2. Taxi Voucher Program (76)
3. Adult Education-CVUSD (58)
4. Full Service Partnership (FSP) Adult Program (56)
5. Trails (51)

Source of Program Views:

(25% Search Function ; 75% Binder Function)

Referrals: 33

(36% clicked to email agency - 64% clicked to print info)

Top Three (3) Referred Programs*

1. Counseling Services – Jewish Family Service of the Desert (9)
2. Emergency Shelter and Transitional Housing (9)
3. Full Service Partnership and adult program (5)
4. New Life (4)
3. Transitional Housing (4)
3. Outpatient Treatment (4)
3. Emergency Shelter (4)
3. Counseling Services (4)

* These figures are running totals up to October 10, 2017.