

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

INDIO, CALIFORNIA

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coachella Valley Volunteers in Medicine
Indio, California

We have audited the accompanying financial statements of Coachella Valley Volunteers in Medicine, which comprise of the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

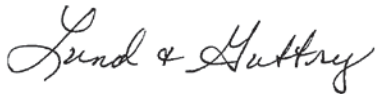
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coachella Valley Volunteers in Medicine as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Coachella Valley Volunteers in Medicine 2014 financial statements, and our report March 25, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



March 23, 2016

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 108,097	\$ 213,799
Cash - Board designated	204,000	-
Grants receivable	-	83,313
Prepaid expenses	<u>5,613</u>	<u>4,873</u>
Total current assets	<u>317,710</u>	<u>301,985</u>
 PROPERTY AND EQUIPMENT		
Medical equipment	16,828	16,828
Dental equipment	100,060	100,060
Computer equipment	19,274	19,274
Furniture and fixtures	<u>21,319</u>	<u>21,319</u>
	157,481	157,481
Less accumulated depreciation	<u>(99,378)</u>	<u>(76,354)</u>
Total Property & Equipment	<u>58,103</u>	<u>81,127</u>
 TOTAL ASSETS	 <u>\$ 375,813</u>	 <u>\$ 383,112</u>
	<u>LIABILITIES AND NET ASSETS</u>	
 CURRENT LIABILITIES		
Accounts payable	\$ 4,530	\$ 5,678
Accrued payroll and vacation	12,528	2,429
Grants payable	<u>23,407</u>	<u>-</u>
Total current liabilities	<u>40,465</u>	<u>8,107</u>
 NET ASSETS		
Unrestricted	98,205	219,606
Unrestricted - Board designated	204,000	-
Temporarily restricted	<u>33,143</u>	<u>155,399</u>
 TOTAL NET ASSETS	 <u>335,348</u>	 <u>375,005</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 375,813</u>	 <u>\$ 383,112</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Memorandum Only
SUPPORT AND REVENUES				
Contributions and grants	\$ 258,942	\$ 109,446	\$ 368,388	\$ 503,485
Donated services and rents	409,889	-	409,889	543,074
Net assets released from restrictions	<u>231,702</u>	<u>(231,702)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>900,533</u>	<u>(122,256)</u>	<u>778,277</u>	<u>1,046,559</u>
EXPENSES				
Program services	703,630	-	703,630	766,117
General and administrative	<u>114,304</u>	<u>-</u>	<u>114,304</u>	<u>251,160</u>
Total expenses	<u>817,934</u>	<u>-</u>	<u>817,934</u>	<u>1,017,277</u>
INCREASE (DECREASE) IN NET ASSETS	<u>82,599</u>	<u>(122,256)</u>	<u>(39,657)</u>	<u>29,282</u>
NET ASSETS AT BEGINNING OF YEAR,	<u>219,606</u>	<u>155,399</u>	<u>375,005</u>	<u>345,723</u>
NET ASSETS AT END OF YEAR	<u>\$ 302,205</u>	<u>\$ 33,143</u>	<u>\$ 335,348</u>	<u>\$ 375,005</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2015</u>			<u>2014</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>	<u>Memorandum Only</u>
Salaries	\$ 146,744	\$ 39,851	\$ 186,595	\$ 226,301
Donated services	315,689	-	315,689	448,874
Payroll taxes	14,976	3,981	18,957	20,090
Employee benefits	11,560	3,073	14,633	10,103
Workers compensation insurance	2,564	682	3,246	3,750
Care delivery costs	47,709	-	47,709	75,328
Medical supplies	7,056	-	7,056	11,062
Rent	1	-	1	2
Rent-donated	84,780	9,420	94,200	94,200
Depreciation	20,721	2,303	23,024	23,530
Occupancy costs	17,376	1,931	19,307	28,948
Insurance	1,366	2,536	3,902	3,702
Utilities	18,531	2,059	20,590	19,417
Office expense	8,849	11,775	20,624	20,296
Accounting and audit	-	9,940	9,940	9,780
Legal	-	230	230	1,500
Outside services	-	19,047	19,047	5,330
Advertising and promotion	5,708	5,707	11,415	12,854
Miscellaneous	-	1,769	1,769	2,210
	<u>\$ 703,630</u>	<u>\$ 114,304</u>	<u>\$ 817,934</u>	<u>\$ 1,017,277</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (39,657)	\$ 29,282
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	23,024	23,530
Decrease in grants receivable	83,313	16,874
(Increase) in prepaid expenses	(740)	(1,117)
Decrease in deposits	-	8,315
Decrease in accounts payable	(1,148)	(10,889)
Increase (decrease) in accrued payroll and vacation	10,099	(18,121)
Increase in grants payable	<u>23,407</u>	<u>-</u>
Net cash provided by operating activities	<u>98,298</u>	<u>47,874</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(744)</u>
Net cash used by investing activities	<u>-</u>	<u>(744)</u>
NET INCREASE IN CASH	98,298	47,130
CASH AT BEGINNING OF YEAR	<u>213,799</u>	<u>166,669</u>
CASH AT END OF YEAR	<u>\$ 312,097</u>	<u>\$ 213,799</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization

Coachella Valley Volunteers in Medicine (Organization) was incorporated in June 2008 and commenced operations in November 2010. The Organization was formed as a nonprofit corporation to serve the health and wellness needs of the immediate household families of medically uninsured who live and/or work in the Coachella Valley.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations. The Board of Directors established a policy in 2015 to reserve six months of operating expenses. Total unrestricted Board designated funds amounted to \$204,000 at December 31, 2015.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. (See Note 3)

Permanently restricted net assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization does not have any permanently restricted net assets at December 31, 2015 and 2014.

Donated Services and Rents

Donated services and rents of \$409,889 and \$543,074 for the years ended December 31, 2015 and 2014, respectively, are recognized as contributions in accordance with accounting standards. The donated services of physicians, dentists and support staff amounted to approximately \$315,689 and \$448,879 for the years ended December 31, 2015 and 2014, respectively. The Organization received estimated donated rent of \$94,200 for each of the years 2015 and 2014 (See Note 5).

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Property and Equipment

Purchased property and equipment are recorded at cost. Purchases over \$500 are capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 7 years.

Concentration of Credit Risk

The Organization maintains its cash in deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any significant losses in such accounts. Management of the Organization believes it is not exposed to any significant credit risk related to cash.

Income Taxes

The Organization 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 Organization may be subject to tax on income from any unrelated business operations. The Organization does not currently have any unrelated business operations.

The Organization's Form 990, Return of Organization's Exempt from Income Tax are subject to examination by the IRS, generally for three years after they were filed.

2. CONCENTRATION OF REVENUE

The Organization received approximately \$190,000 from the three major local hospitals and a medical clinic in the Coachella Valley for each of the years 2015 and 2014. This represented 52% and 35% of the total support and revenues (excluding donated services and rent) for the years 2015 and 2014, respectively. The Organization has also received one grant of approximately \$50,000 for 2015 and another for \$151,000 for 2014 from one grantor representing 14% and 30% of total support and revenues for the years 2015 and 2014, respectively.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31 consists of the following:

	<u>2015</u>	<u>2014</u>
Contributions for future operations	\$ 23,143	\$ 136,649
Contributions for staffing personnel	<u>10,000</u>	<u>18,750</u>
	<u>\$ 33,143</u>	<u>\$ 155,399</u>

4. GRANTS RECEIVABLE / PAYABLE

Grants receivable / payable at December 31 consists of the following:

	<u>2015</u>	<u>2014</u>
<u>Receivable</u>		
Desert Healthcare District	<u>\$ -</u>	<u>\$ 83,313</u>
<u>Payable</u>		
Desert Healthcare District	<u>\$ 23,407</u>	<u>\$ -</u>

5. LEASE COMMITMENTS

The Organization has a three year operating lease for software through September 2016. Future minimum lease payments will be \$2,700 in 2016.

The County of Riverside completed construction of a 6,133 square foot clinic in Indio in December 2012. The Organization moved into the newly constructed facility in December 2012. The agreement with the County of Riverside is a twenty year operating lease at \$1 per year. The lease term expires on November 30, 2032. Estimates of the fair market value of similar rents in the area amounted to \$7,850 per month. The Organization has included donated rent of \$94,200 for each of the years 2015 and 2014 in donated rent revenue and rent expense.

6. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of March 23, 2016 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after December 31, 2015 or as of March 23, 2016 that require additional disclosure to the financial statement.