

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

INDIO, CALIFORNIA

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015



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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, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2016, 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.

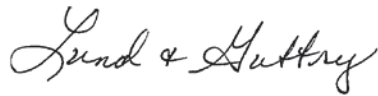
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the results of its operations and its cash flows for the year ended December 31, 2016, 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 2015 financial statements, and our report March 23, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 26, 2017

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 76,072	\$ 108,097
Cash - Board designated	264,000	204,000
Grants receivable	66,439	-
Prepaid expenses	6,083	5,613
Total current assets	<u>412,594</u>	<u>317,710</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	21,319	21,319
	<u>157,481</u>	<u>157,481</u>
Less accumulated depreciation	<u>(119,918)</u>	<u>(99,378)</u>
Total Property & Equipment	<u>37,563</u>	<u>58,103</u>
 TOTAL ASSETS	 <u>\$ 450,157</u>	 <u>\$ 375,813</u>
	<u>LIABILITIES AND NET ASSETS</u>	
 CURRENT LIABILITIES		
Accounts payable	\$ 10,502	\$ 4,530
Accrued payroll and vacation	19,579	12,528
Grants payable	-	23,407
Total current liabilities	<u>30,081</u>	<u>40,465</u>
 NET ASSETS		
Unrestricted	32,009	98,205
Unrestricted - Board designated	264,000	204,000
Temporarily restricted	<u>124,067</u>	<u>33,143</u>
 TOTAL NET ASSETS	 <u>420,076</u>	 <u>335,348</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 450,157</u>	 <u>\$ 375,813</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Memorandum Only</u>
SUPPORT AND REVENUES				
Contributions and grants	\$ 149,177	\$ 209,298	\$ 358,475	\$ 360,188
Donated services and rents	601,461	-	601,461	409,889
Fundraising income	255,056	-	255,056	8,200
Net assets released from restrictions	<u>118,374</u>	<u>(118,374)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,124,068</u>	<u>90,924</u>	<u>1,214,992</u>	<u>778,277</u>
EXPENSES				
Program services	947,252	-	947,252	703,630
General and administrative	<u>183,012</u>	<u>-</u>	<u>183,012</u>	<u>114,304</u>
Total expenses	<u>1,130,264</u>	<u>-</u>	<u>1,130,264</u>	<u>817,934</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(6,196)</u>	<u>90,924</u>	<u>84,728</u>	<u>(39,657)</u>
NET ASSETS AT BEGINNING OF YEAR,	<u>302,205</u>	<u>33,143</u>	<u>335,348</u>	<u>375,005</u>
NET ASSETS AT END OF YEAR	<u>\$ 296,009</u>	<u>\$ 124,067</u>	<u>\$ 420,076</u>	<u>\$ 335,348</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2016</u>			<u>2015</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>	<u>Memorandum Only</u>
Salaries	164,105	43,623	\$ 207,728	\$ 186,595
Donated services	464,862	-	464,862	315,689
Payroll taxes	14,108	3,750	17,858	18,957
Employee benefits	12,175	3,236	15,411	14,633
Workers compensation insurance	2,142	570	2,712	3,246
Care delivery costs	62,509	-	62,509	47,709
Donated other services	42,399	-	42,399	-
Medical supplies	7,463	-	7,463	7,056
Rent	1	-	1	1
Rent-donated	84,780	9,420	94,200	94,200
Depreciation	18,486	2,054	20,540	23,024
Occupancy costs	15,001	1,667	16,668	19,307
Insurance	1,532	2,846	4,378	3,902
Utilities	20,081	2,232	22,313	20,590
Office expense	12,500	16,570	29,070	20,624
Accounting and audit	-	10,505	10,505	9,940
Legal	-	-	-	230
Outside services	20,998	39,000	59,998	19,047
Special events	-	37,323	37,323	-
Advertising and promotion	4,110	4,110	8,221	11,415
Miscellaneous	-	6,106	6,105	1,769
	<u>\$ 947,252</u>	<u>\$ 183,012</u>	<u>\$ 1,130,264</u>	<u>\$ 817,934</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 84,728	\$ (39,657)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	20,540	23,024
Decrease in grants receivable	(66,439)	83,313
(Increase) in prepaid expenses	(470)	(740)
Decrease in accounts payable	5,972	(1,148)
Increase (decrease) in accrued payroll and vacation	7,051	10,099
Increase in grants payable	<u>(23,407)</u>	<u>23,407</u>
Net cash provided by operating activities	<u>27,975</u>	<u>98,298</u>
NET INCREASE IN CASH	27,975	98,298
CASH AT BEGINNING OF YEAR	<u>312,097</u>	<u>213,799</u>
CASH AT END OF YEAR	<u>\$ 340,072</u>	<u>\$ 312,097</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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 \$264,000 at December 31, 2016.

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, 2016 and 2015.

Donated Services and Rents

Donated services and rents of \$601,461 and \$409,889 for the years ended December 31, 2016 and 2015, respectively, are recognized as contributions in accordance with accounting standards. The donated services of physicians, dentists and support staff amounted to approximately \$464,862 and \$315,689 for the years ended December 31, 2016 and 2015, respectively. Donated other services consisting of utilities and radiology services were approximately \$42,399 for the year ended December 31, 2016. The Organization received estimated donated rent of \$94,200 for each of the years 2016 and 2015 (See Note 5).

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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

During the years ended December 31, 2016 and 2015, the Organization received approximately \$175,000 and \$190,000 from the three major local hospitals and a medical clinic in the Coachella Valley which represented 29% and 52% of the total support and revenues (excluding donated services and rent) for the years 2016 and 2015, respectively. The Organization also received one grant of \$120,789 for 2016 and another for \$50,000 for 2015 from one grantor representing 20% and 14% of total support and revenues for the years 2016 and 2015, respectively.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

3. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Contributions for future operations	\$ 85,467	\$ 23,143
Contributions for staffing personnel	<u>38,600</u>	<u>10,000</u>
	<u>\$ 124,067</u>	<u>\$ 33,143</u>

4. GRANTS RECEIVABLE / PAYABLE

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

	<u>2016</u>	<u>2015</u>
<u>Receivable</u>		
Desert Healthcare District	<u>\$ 66,439</u>	<u>\$ -</u>
<u>Payable</u>		
Desert Healthcare District	<u>\$ -</u>	<u>\$ 23,407</u>

5. LEASE COMMITMENTS

In September 2016, the Organization renewed a three year operating lease for software. Future minimum lease payments under this agreement will be \$3,906 each year through September 2019.

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 2016 and 2015 in donated rent revenue and rent expense.

6. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 26, 2017 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after December 31, 2016 or as of April 26, 2017 that require additional disclosure to the financial statement.