

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

INDIO, CALIFORNIA

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



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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, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2018, 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.

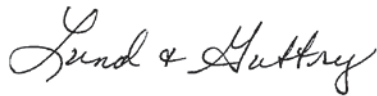
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, and the results of its operations and its cash flows for the year ended December 31, 2018, 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 2017 financial statements, and our report April 25, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 24, 2019

COACHELLA VALLEY VOLUNTEERS IN MEDICINE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017

			Totals	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	2018	2017 (Memorandum Only)
CURRENT ASSETS				
Cash	\$ 18,056	\$ 258,991	\$ 277,047	\$ 60,317
Cash - Board designated	101,741	-	101,741	281,095
Certificate of deposit - Board designated	180,569	-	180,569	-
Grants receivable	-	-	-	66,825
Prepaid expenses	5,845	-	5,845	10,165
Total current assets	306,211	258,991	565,202	418,402
PROPERTY AND EQUIPMENT				
Medical equipment	25,469	-	25,469	18,076
Dental equipment	91,863	-	91,863	100,060
Computer equipment	19,602	-	19,602	20,359
Furniture and fixtures	17,442	-	17,442	21,319
	154,376	-	154,376	159,814
Less accumulated depreciation	(133,999)	-	(133,999)	(138,627)
Total Property & Equipment	20,377	-	20,377	21,187
TOTAL ASSETS	\$ 326,588	\$ 258,991	\$ 585,579	\$ 439,589
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 18,865	\$ -	\$ 18,865	\$ 12,652
Accrued payroll and vacation	25,646	-	25,646	16,765
Deferred revenue	9,300	-	9,300	17,715
Total current liabilities	53,811	-	53,811	47,132
NET ASSETS				
Without donor restrictions				
Undesignated by the Board	(9,533)	-	(9,533)	7,847
Designated by the Board	282,310	-	282,310	281,095
With donor restrictions	-	258,991	258,991	103,515
TOTAL NET ASSETS	272,777	258,991	531,768	392,457
TOTAL LIABILITIES AND NET ASSETS	\$ 326,588	\$ 258,991	\$ 585,579	\$ 439,589

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018		2017	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Memorandum Only</u>
SUPPORT AND REVENUES				
Contributions and grants	\$ 153,397	\$ 356,860	\$ 510,257	\$ 295,037
Donated services and rents	485,980	-	485,980	476,974
Fundraising income	274,496	-	274,496	273,865
Net assets released from restrictions	<u>201,384</u>	<u>(201,384)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,115,257</u>	<u>155,476</u>	<u>1,270,733</u>	<u>1,045,876</u>
EXPENSES				
Program services	883,420	-	883,420	876,907
General and administrative	88,448	-	88,448	92,987
Fundraising	<u>159,554</u>	<u>-</u>	<u>159,554</u>	<u>103,601</u>
Total expenses	<u>1,131,422</u>	<u>-</u>	<u>1,131,422</u>	<u>1,073,495</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(16,165)</u>	<u>155,476</u>	<u>139,311</u>	<u>(27,619)</u>
NET ASSETS AT BEGINNING OF YEAR,	<u>288,942</u>	<u>103,515</u>	<u>392,457</u>	<u>420,076</u>
NET ASSETS AT END OF YEAR	<u>\$ 272,777</u>	<u>\$ 258,991</u>	<u>\$ 531,768</u>	<u>\$ 392,457</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2018</u>			<u>2017</u>	
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>	<u>Memorandum Only</u>
Salaries	\$ 198,473	\$ 23,184	\$ 69,987	\$ 291,644	\$ 255,497
Donated services	364,423	-	-	364,423	346,797
Payroll taxes	18,580	2,170	5,229	25,979	23,148
Employee benefits	19,291	2,253	1,884	23,428	17,521
Workers compensation insurance	2,500	292	702	3,494	3,482
Care delivery costs	64,535	-	-	64,535	66,954
Donated other services	27,357	-	-	27,357	35,977
Medical supplies	20,949	-	-	20,949	16,544
Rent	1	-	-	1	1
Rent-donated	80,070	9,420	4,710	94,200	94,200
Depreciation	8,934	1,051	525	10,510	18,708
Occupancy costs	24,679	2,903	1,452	29,034	19,843
Insurance	1,404	2,407	201	4,012	4,109
Utilities	21,179	2,492	1,246	24,917	23,554
Office expense	18,269	11,625	3,322	33,216	35,390
Accounting and audit	-	11,675	-	11,675	11,275
Outside services	5,959	9,364	1,703	17,026	35,029
Special events	-	5,660	65,184	70,844	51,113
Advertising and promotion	6,817	3,409	3,409	13,635	8,640
Miscellaneous	-	543	-	543	5,713
	<u>\$ 883,420</u>	<u>\$ 88,448</u>	<u>\$ 159,554</u>	<u>\$ 1,131,422</u>	<u>\$ 1,073,495</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 139,311	\$ (27,619)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	10,510	18,708
Donated equipment	(3,500)	-
(Increase) decrease in:		
Grants receivable	66,825	(386)
Prepaid expenses	4,320	(4,082)
Increase (decrease) in:		
Accounts payable	6,213	2,150
Accrued payroll and vacation	8,881	(2,814)
Deferred revenue	<u>(8,415)</u>	<u>17,715</u>
Net cash provided by operating activities	<u>224,145</u>	<u>3,672</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	(180,000)	-
Purchases of property and equipment	<u>(6,769)</u>	<u>(2,332)</u>
Net cash used by investing activities	<u>(186,769)</u>	<u>(2,332)</u>
NET INCREASE IN CASH AND RESTRICTED CASH	37,376	1,340
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>341,412</u>	<u>340,072</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 378,788</u>	<u>\$ 341,412</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations. The Board of Directors established a policy in 2015 to reserve approximately six months of operating expenses. Total unrestricted Board designated funds amounted to \$282,310 and \$281,095 at December 31, 2018 and 2017, respectively.

Net assets with donor restrictions

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)

Donated Services and Rents

Donated services and rents of \$485,980 and \$476,974 for the years ended December 31, 2018 and 2017, respectively, are recognized as contributions in accordance with accounting standards. The donated services of physicians, dentists and support staff amounted to approximately \$364,423 and \$346,797 for the years ended December 31, 2018 and 2017, respectively. Donated other services consisting of utilities and radiology services were approximately \$27,357 and \$35,977 for the years ended December 31, 2018 and 2017, respectively. The Organization received estimated donated rent of \$94,200 for each of the years 2018 and 2017 (See Note 5).

Deferred Revenue

Advance ticket sales and sponsorships for future events are shown as deferred revenue in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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 \$1000 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, 2018 and 2017, the Organization received approximately \$150,000 in each year from the three major local hospitals in the Coachella Valley which represented 20% and 26% of the total support and revenues (excluding donated services and rent) for the years 2018 and 2017, respectively. In 2018 the Organization also received one grant of \$222,000 representing 28% of total support and revenues. In 2017 the Organization received one grant for \$121,500 representing 21% of total support and revenues.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

3. DONOR RESTRICTED NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Contributions for future operations	\$ 120,123	\$ 103,515
Contributions for staffing personnel	<u>138,868</u>	<u>-</u>
	<u>\$ 258,991</u>	<u>\$ 103,515</u>

4. GRANTS RECEIVABLE

Grants receivable at December 31 consists of the following:

	<u>2018</u>	<u>2017</u>
<u>Receivable</u>		
Desert Healthcare District	<u>\$ -</u>	<u>\$ 66,825</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 2018 and 2017 in donated rent revenue and rent expense.

6. LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash	\$ 119,797
Certificates of deposit maturing in 2019	<u>180,569</u>
Total	<u>\$ 300,366</u>

The Board of Directors has established a designated Reserve Fund with a balance which covers approximately six months of routine expenditures. These funds may be drawn upon in the event of an unanticipated liquidity need. Additionally, the Organization is committed to investing liquid assets conservatively. Income from donor-restricted sources is restricted for specific purposes and therefore, is not available for general expenditure.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

7. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 24, 2019 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after December 31, 2018 or as of April 24, 2019 that require additional disclosure to the financial statement.