

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

INDIO, CALIFORNIA

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



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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 statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, 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.

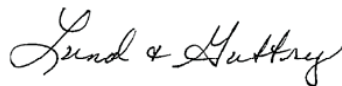
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, and the results of its operations and its cash flows for the year ended December 31, 2019, 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 2018 financial statements, and our report April 24, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 28, 2020

COACHELLA VALLEY VOLUNTEERS IN MEDICINE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

WITH COMPARATIVE TOTALS AT DECEMBER 31, 2018

			Totals	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	2019	2018 (Memorandum Only)
CURRENT ASSETS				
Cash	\$ 98,658	\$ 60,922	\$ 159,580	\$ 277,047
Cash - Board designated	102,333	-	102,333	101,741
Certificates of deposit	183,665	86,310	269,975	180,569
Prepaid expenses	12,516	-	12,516	5,845
Total current assets	397,172	147,232	544,404	565,202
PROPERTY AND EQUIPMENT				
Medical equipment	30,216	-	30,216	25,469
Dental equipment	91,863	-	91,863	91,863
Computer equipment	19,602	-	19,602	19,602
Furniture and fixtures	17,442	-	17,442	17,442
	159,123	-	159,123	154,376
Less accumulated depreciation	(144,402)	-	(144,402)	(133,999)
Total Property & Equipment	14,721	-	14,721	20,377
TOTAL ASSETS	\$ 411,893	\$ 147,232	\$ 559,125	\$ 585,579
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 8,424	\$ -	\$ 8,424	\$ 18,865
Accrued payroll and vacation	26,003	-	26,003	25,646
Deferred revenue	45,885	-	45,885	9,300
Total current liabilities	80,312	-	80,312	53,811
NET ASSETS				
Without donor restrictions				
Undesignated by the Board	45,583	-	45,583	(9,533)
Designated by the Board	285,998	-	285,998	282,310
With donor restrictions	-	147,232	147,232	258,991
TOTAL NET ASSETS	331,581	147,232	478,813	531,768
TOTAL LIABILITIES AND NET ASSETS	\$ 411,893	\$ 147,232	\$ 559,125	\$ 585,579

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019		2018	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Memorandum Only</u>
SUPPORT AND REVENUES				
Contributions and grants	\$ 349,274	\$ 32,800	\$ 382,074	\$ 510,257
Donated services and rents	660,339	-	660,339	485,980
Fundraising income	275,119	-	275,119	274,496
Net assets released from restrictions	<u>144,559</u>	<u>(144,559)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,429,291</u>	<u>(111,759)</u>	<u>1,317,532</u>	<u>1,270,733</u>
EXPENSES				
Program services	1,113,352	-	1,113,352	883,420
General and administrative	102,538	-	102,538	88,448
Fundraising and development	<u>137,813</u>	<u>-</u>	<u>137,813</u>	<u>159,554</u>
Total expenses	<u>1,370,487</u>	<u>-</u>	<u>1,370,487</u>	<u>1,131,422</u>
INCREASE (DECREASE) IN NET ASSETS	<u>58,804</u>	<u>(111,759)</u>	<u>(52,955)</u>	<u>139,311</u>
NET ASSETS AT BEGINNING OF YEAR,	<u>272,777</u>	<u>258,991</u>	<u>531,768</u>	<u>392,457</u>
NET ASSETS AT END OF YEAR	<u>\$ 331,581</u>	<u>\$ 147,232</u>	<u>\$ 478,813</u>	<u>\$ 531,768</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019			2018	
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>	<u>Memorandum Only</u>
Salaries	\$ 257,350	\$ 26,738	\$ 50,133	\$ 334,221	\$ 291,644
Donated services	522,827	-	-	522,827	364,423
Payroll taxes	22,971	2,387	4,475	29,833	25,979
Employee benefits	23,972	2,491	4,670	31,133	23,428
Workers compensation insurance	2,564	266	500	3,330	3,494
Care delivery costs	50,621	-	-	50,621	64,535
Donated other services	43,313	-	-	43,313	27,357
Medical supplies	18,209	-	-	18,209	20,949
Rent	1	-	-	1	1
Rent-donated	80,070	9,420	4,710	94,200	94,200
Depreciation	8,843	1,040	520	10,403	10,510
Occupancy costs	20,327	2,391	1,196	23,914	29,034
Insurance	1,393	2,388	199	3,980	4,012
Utilities	17,713	2,084	1,042	20,839	24,917
Office expense	33,684	21,435	6,124	61,244	33,216
Accounting and audit	-	12,720	-	12,720	11,675
Outside services	9,493	14,918	2,712	27,124	17,026
Special events	-	1,371	61,532	62,903	70,844
Advertising and promotion	-	-	-	16,784	13,635
Miscellaneous	-	2,888	-	2,888	543
	<u>\$ 1,113,352</u>	<u>\$ 102,538</u>	<u>\$ 137,813</u>	<u>\$ 1,370,487</u>	<u>\$ 1,131,422</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u> (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (52,955)	\$ 139,311
Adjustments to reconcile increase (decrease) in net assets to net cash (used) provided by operating activities:		
Depreciation	10,403	10,510
Donated equipment	-	(3,500)
(Increase) decrease in:		
Grants receivable	-	66,825
Prepaid expenses	(6,671)	4,320
Increase (decrease) in:		
Accounts payable	(10,441)	6,213
Accrued payroll and vacation	357	8,881
Deferred revenue	<u>36,585</u>	<u>(8,415)</u>
Net cash (used) provided by operating activities	<u>(22,722)</u>	<u>224,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit - net	(89,405)	(180,000)
Purchases of property and equipment	<u>(4,748)</u>	<u>(6,769)</u>
Net cash used by investing activities	<u>(94,153)</u>	<u>(186,769)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(116,875)	37,376
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>378,788</u>	<u>341,412</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 261,913</u>	<u>\$ 378,788</u>

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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 designate reserves to be available for use to fund operations in future years. Total unrestricted Board designated funds amounted to \$285,998 and \$282,310 at December 31, 2019 and 2018, 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, donor 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 \$660,339 and \$485,980 for the years ended December 31, 2019 and 2018, respectively, are recognized as contributions in accordance with accounting standards. The donated services of physicians, dentists and support staff amounted to approximately \$522,827 and \$364,423 for the years ended December 31, 2019 and 2018, respectively. Donated other services consisting of utilities and radiology services were approximately \$43,312 and \$27,357 for the years ended December 31, 2019 and 2018, respectively. The Organization received estimated donated rent of \$94,200 for each of the years 2019 and 2018 (See Note 5).

Deferred Revenue

Unearned grant 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, 2019 AND 2018

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, 2019 and 2018, the Organization received approximately \$150,000 in each year from the three major local hospitals in the Coachella Valley which represented 22% and 20% of the total support and revenues (excluding donated services and rent) for the years 2019 and 2018, respectively. In 2018 the Organization received one grant for \$222,000 representing 28% of total support and revenues.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

3. DONOR RESTRICTED NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Contributions for future operations	\$ 88,339	\$ 120,123
Contributions for staffing personnel	<u>58,893</u>	<u>138,868</u>
	<u>\$ 147,232</u>	<u>\$ 258,991</u>

4. LEASE COMMITMENTS

In September 2019, 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 2022.

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 2019 and 2018 in donated rent revenue and rent expense.

5. LIQUIDITY

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

Cash	\$ 200,991
Certificates of deposit maturing in 2020	<u>183,665</u>
Total	<u>\$ 384,656</u>

The Board of Directors has established a designated Reserve Fund which 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.

6. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 28, 2020 when the financial statements were authorized and available to be issued. Other than the item indicated below, no subsequent events or transactions were identified after December 31, 2019 or as of April 28, 2020 that require additional disclosure to the financial statement.

As a result of the spread of the Covid-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operating revenues. The related financial impact and duration cannot be reasonably estimated at this time.