

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

INDIO, CALIFORNIA

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
36917 COOK STREET • SUITE 102 • PALM DESERT, CALIFORNIA 92211
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttry.com

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, 2020 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.

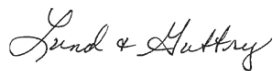
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, 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 2019 financial statements, and our report April 28, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 27, 2021

COACHELLA VALLEY VOLUNTEERS IN MEDICINE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

WITH COMPARATIVE TOTALS AT DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals <u>2020</u>	<u>2019</u> (Memorandum Only)
CURRENT ASSETS				
Cash	\$ 178,440	\$ 86,881	\$ 265,321	\$ 159,580
Cash - Board designated	282,558	-	282,558	102,333
Certificates of deposit	-	86,792	86,792	269,975
Grants receivable	5,000	-	5,000	-
Prepaid expenses	5,807	-	5,807	12,516
Total current assets	<u>471,805</u>	<u>173,673</u>	<u>645,478</u>	<u>544,404</u>
PROPERTY AND EQUIPMENT				
Medical equipment	30,216	-	30,216	30,216
Dental equipment	91,863	-	91,863	91,863
Computer equipment	22,101	-	22,101	19,602
Furniture and fixtures	19,657	-	19,657	17,442
	163,837	-	163,837	159,123
Less accumulated depreciation	<u>(147,488)</u>	<u>-</u>	<u>(147,488)</u>	<u>(144,402)</u>
Total Property & Equipment	<u>16,349</u>	<u>-</u>	<u>16,349</u>	<u>14,721</u>
TOTAL ASSETS	<u>\$ 488,154</u>	<u>\$ 173,673</u>	<u>\$ 661,827</u>	<u>\$ 559,125</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 37,035	\$ -	\$ 37,035	\$ 8,424
Accrued payroll and vacation	28,130	-	28,130	26,003
Deferred revenue	-	-	-	45,885
Total current liabilities	<u>65,165</u>	<u>-</u>	<u>65,165</u>	<u>80,312</u>
NET ASSETS				
Without donor restrictions				
Undesignated by the Board	140,431	-	140,431	45,583
Designated by the Board	282,558	-	282,558	285,998
With donor restrictions	<u>-</u>	<u>173,673</u>	<u>173,673</u>	<u>147,232</u>
TOTAL NET ASSETS	<u>422,989</u>	<u>173,673</u>	<u>596,662</u>	<u>478,813</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 488,154</u>	<u>\$ 173,673</u>	<u>\$ 661,827</u>	<u>\$ 559,125</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>			<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Memorandum Only</u>
SUPPORT AND REVENUES				
Contributions and grants	\$ 491,154	\$ 224,727	\$ 715,881	\$ 382,074
Donated services and rents	457,883	-	457,883	660,339
Fundraising income	79,368	-	79,368	275,119
Net assets released from restrictions	<u>198,286</u>	<u>(198,286)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,226,691</u>	<u>26,441</u>	<u>1,253,132</u>	<u>1,317,532</u>
EXPENSES				
Program services	934,023	-	934,023	1,121,744
General and administrative	107,569	-	107,569	106,734
Fundraising and development	<u>93,691</u>	<u>-</u>	<u>93,691</u>	<u>142,009</u>
Total expenses	<u>1,135,283</u>	<u>-</u>	<u>1,135,283</u>	<u>1,370,487</u>
INCREASE (DECREASE) IN NET ASSETS	<u>91,408</u>	<u>26,441</u>	<u>117,849</u>	<u>(52,955)</u>
NET ASSETS AT BEGINNING OF YEAR,	<u>331,581</u>	<u>147,232</u>	<u>478,813</u>	<u>531,768</u>
NET ASSETS AT END OF YEAR	<u>\$ 422,989</u>	<u>\$ 173,673</u>	<u>\$ 596,662</u>	<u>\$ 478,813</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>			<u>2019</u>	
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>	<u>Memorandum Only</u>
Salaries	\$ 263,049	\$ 27,330	\$ 51,244	\$ 341,623	\$ 334,221
Donated services	339,861	-	-	339,861	522,827
Payroll taxes	22,591	2,347	4,401	29,339	29,833
Employee benefits	27,430	2,850	5,343	35,623	31,133
Workers compensation insurance	2,051	213	400	2,664	3,330
Care delivery costs	51,556	-	-	51,556	50,621
Donated other services	21,002	-	-	21,002	43,313
Medical supplies	27,447	-	-	27,447	18,209
Rent	1	-	-	1	1
Rent-donated	82,467	9,702	4,851	97,020	94,200
Depreciation	2,624	309	154	3,087	10,403
Occupancy costs	25,793	3,035	1,517	30,345	23,914
Insurance	1,650	2,828	236	4,714	3,980
Utilities	20,968	2,467	1,233	24,668	20,839
Office expense	25,741	16,381	4,680	46,802	61,244
Accounting and audit	-	14,235	-	14,235	12,720
Outside services	14,065	22,102	4,019	40,186	27,124
Special events	-	216	12,750	12,966	62,903
Advertising and promotion	5,727	2,863	2,863	11,453	16,784
Miscellaneous	-	691	-	691	2,888
	<u>\$ 934,023</u>	<u>\$ 107,569</u>	<u>\$ 93,691</u>	<u>\$ 1,135,283</u>	<u>\$ 1,370,487</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u> (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 117,849	\$ (52,955)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	3,087	10,403
(Increase) decrease in:		
Grants receivable	(5,000)	-
Prepaid expenses	6,709	(6,671)
Increase (decrease) in:		
Accounts payable	28,611	(10,441)
Accrued payroll and vacation	2,127	357
Deferred revenue	<u>(45,885)</u>	<u>36,585</u>
Net cash provided (used) by operating activities	<u>107,498</u>	<u>(22,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Redemption) purchase of certificates of deposit - net	183,665	(89,405)
Purchases of property and equipment	<u>(5,197)</u>	<u>(4,748)</u>
Net cash provided (used) by investing activities	<u>178,468</u>	<u>(94,153)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	285,966	(116,875)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>261,913</u>	<u>378,788</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 547,879</u>	<u>\$ 261,913</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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 \$282,558 and \$285,998 at December 31, 2020 and 2019, 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 \$457,883 and \$660,339 for the years ended December 31, 2020 and 2019, respectively, are recognized as contributions in accordance with accounting standards. The donated services of physicians, dentists and support staff amounted to approximately \$339,861 and \$522,827 for the years ended December 31, 2020 and 2019, respectively. Donated other services consisting of utilities and radiology services were approximately \$21,002 and \$43,312 for the years ended December 31, 2020 and 2019, respectively. The Organization received estimated donated rent of \$97,020 and \$94,200 for the years December 31, 2020 and 2019 respectively (See Note 4).

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, 2020 AND 2019

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 \$1,000 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 year ended December 31, 2020, the Organization received approximately \$200,000 in grants from a grantor representing 25% of total support and revenues (excluding donated services and rent). During the year ended December 31, 2019, the Organization received approximately \$150,000 from the three major local hospitals in the Coachella Valley which represented 22% of the total support and revenues for the year 2019.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

3. DONOR RESTRICTED NET ASSETS

Donor restricted net assets are restricted for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Programs	\$ 57,543	\$ 80,395
Staffing	19,450	66,837
East Valley Outreach	89,935	-
Telemedicine	<u>6,745</u>	<u>-</u>
	<u>\$ 173,673</u>	<u>\$ 147,232</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 \$97,020 and \$94,200 for each of the years ended 2020 and 2019 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	\$ 178,440
Grants Receivable	<u>5,000</u>
Total	<u>\$ 183,440</u>

The Board of Directors has established a designated Reserve Fund which may be drawn upon in the event of an unanticipated liquidity need (see Note 1). 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, 2020 AND 2019

6. UNCERTAINTIES

As a result of the COVID-19 pandemic, economic uncertainties have arisen which have negatively impacted fundraising revenues for the year ended December 31, 2020. Although the Organization was limited in hosting fundraising events in 2020, they anticipate resuming events in the 2021 year. However, there continues to be is uncertainty as to when these activities will be allowed to resume and the impact of potential future closures or limitations of operations for all operations.

On August 4, 2020, the Organization received \$67,100 in Paycheck Protection Program (PPP) loan funding to provide the Organization assistance with payroll and other qualifying expenses. This loan was offered to qualifying small businesses in order to provide financial assistance during the COVID-19 pandemic which resulted in many businesses to temporarily close operations due to government mandates.

The Organization has elected to record the funds following accounting standard codification (ASC) 958-605 whereby the funds will be considered a restricted government grant and will be released from restriction once the funds are spent for their allowable purposes. While the funds from the PPP loan are considered a loan until forgiven, the Organization considers it probable that the conditions for forgiveness/recognition have been met. The Organization has released \$67,100 from restrictions as they have spent those funds for the restricted purpose as of December 31, 2020. On March 10, 2021 the Organization received notification that the entire loan amount has been forgiven (See Note 7).

7. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 27, 2021 when the financial statements were authorized and available to be issued. Other than the items indicated below, no subsequent events or transactions were identified after December 31, 2020 or as of April 27, 2021 that require additional disclosure to the financial statement.

In February 2021, the Organization applied for and received an additional PPP loan in the amount of \$69,098. Similar to the initial PPP loan received, the Organization anticipates the entire loan amount will be forgiven.

On March 10, 2021, the Organization received notification that the entire amount of PPP funding received in 2020 was forgiven in full.