

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

INDIO, CALIFORNIA

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Coachella Valley Volunteers in Medicine (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coachella Valley Volunteers in Medicine and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coachella Valley Volunteers in Medicine's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coachella Valley Volunteers in Medicine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coachella Valley Volunteers in Medicine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of Coachella Valley Volunteers in Medicine for the year ended December 31, 2020, were audited by other auditors whose report dated April 27, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Coachella Valley
Accounting & Auditing*

La Quinta, CA
April 26, 2022

COACHELLA VALLEY VOLUNTEERS IN MEDICINE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

WITH COMPARATIVE TOTALS AT DECEMBER 31, 2020

	<u>ASSETS</u>		Totals	
	Without Donor Restrictions	With Donor Restrictions	2021	2020 (Memorandum Only)
CURRENT ASSETS				
Cash	\$ 153,236	\$ 133,909	\$ 287,145	\$ 265,321
Cash - Board designated	539,215	-	539,215	282,558
Certificates of deposit	-	-	-	86,792
Grants receivable	69,342	-	69,342	5,000
Accounts receivable	5,500	-	5,500	-
Prepaid expenses	10,356	-	10,356	5,807
Total current assets	<u>777,649</u>	<u>133,909</u>	<u>911,558</u>	<u>645,478</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	22,101
Furniture and fixtures	19,657	-	19,657	19,657
	<u>163,837</u>	<u>-</u>	<u>163,837</u>	<u>163,837</u>
Less accumulated depreciation	<u>(150,915)</u>	<u>-</u>	<u>(150,915)</u>	<u>(147,488)</u>
Total Property & Equipment	12,922	-	12,922	16,349
Construction in progress	14,083	-	14,083	-
TOTAL ASSETS	<u>\$ 804,654</u>	<u>\$ 133,909</u>	<u>\$ 938,563</u>	<u>\$ 661,827</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 46,930	\$ -	\$ 46,930	\$ 37,035
Accrued payroll and vacation	36,655	-	36,655	28,130
Deferred revenue	63,505	-	63,505	-
Total current liabilities	<u>147,090</u>	<u>-</u>	<u>147,090</u>	<u>65,165</u>
NET ASSETS				
Without donor restrictions				
Undesignated by the Board	118,349	-	118,349	140,431
Designated by the Board	539,215	-	539,215	282,558
With donor restrictions	<u>-</u>	<u>133,909</u>	<u>133,909</u>	<u>173,673</u>
TOTAL NET ASSETS	<u>657,564</u>	<u>133,909</u>	<u>791,473</u>	<u>596,662</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 804,654</u>	<u>\$ 133,909</u>	<u>\$ 938,563</u>	<u>\$ 661,827</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, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	(Memorandu m Only)
SUPPORT AND REVENUES				
Contributions and grants	\$ 514,588	\$ 139,737	\$ 654,325	\$ 715,881
Donated services and rents	570,604	-	570,604	457,883
Fundraising income	283,182	-	283,182	79,368
ERC refunds	46,015	-	46,015	-
Net assets released from restrictions	<u>179,501</u>	<u>(179,501)</u>	-	-
Total support and revenues	<u>1,593,890</u>	<u>(39,764)</u>	<u>1,554,126</u>	<u>1,253,132</u>
EXPENSES				
Program services	1,082,273	-	1,082,273	934,023
General and administrative	115,865	-	115,865	107,569
Fundraising and development	<u>161,177</u>	<u>-</u>	<u>161,177</u>	<u>93,691</u>
Total expenses	<u>1,359,315</u>	<u>-</u>	<u>1,359,315</u>	<u>1,135,283</u>
INCREASE (DECREASE) IN NET ASSETS	<u>234,575</u>	<u>(39,764)</u>	<u>194,811</u>	<u>117,849</u>
NET ASSETS AT BEGINNING OF YEAR,	<u>422,989</u>	<u>173,673</u>	<u>596,662</u>	<u>478,813</u>
NET ASSETS AT END OF YEAR	<u>\$ 657,564</u>	<u>\$ 133,909</u>	<u>\$ 791,473</u>	<u>\$ 596,662</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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021				2020
	Program Services	General and Administrative	Fundraising and Development	Total	(Memorandum Only)
Salaries	\$ 306,994	\$ 31,895	\$ 59,804	\$ 398,693	\$ 341,623
Donated services	452,856	-	-	452,856	339,861
Payroll taxes	19,588	2,035	3,816	25,439	29,339
Employee benefits	25,015	2,599	4,873	32,487	35,623
Workers compensation insurance	1,923	200	375	2,498	2,664
Care delivery costs	47,506	-	-	47,506	51,556
Donated other services	20,728	-	-	20,728	21,002
Medical supplies	30,797	-	-	30,797	27,447
Rent	1	-	-	1	1
Rent-donated	82,468	9,702	4,850	97,020	97,020
Depreciation	2,913	343	171	3,427	3,087
Occupancy costs	21,944	2,582	1,290	25,816	30,345
Insurance	1,926	3,301	275	5,502	4,714
Utilities	22,131	2,604	1,301	26,036	24,668
Office expense	20,798	13,235	3,782	37,815	46,802
Accounting and audit	-	13,625	-	13,625	14,235
Outside services	16,169	25,408	4,619	46,196	40,186
Special events	-	1,982	71,763	73,745	12,966
Advertising and promotion	8,516	4,258	4,258	17,032	11,453
Miscellaneous	-	2,096	-	2,096	691
	<u>\$ 1,082,273</u>	<u>\$ 115,865</u>	<u>\$ 161,177</u>	<u>\$ 1,359,315</u>	<u>\$ 1,135,283</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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u> (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 194,811	\$ 117,849
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	3,427	3,087
(Increase) decrease in:		
Grants receivable	(64,342)	(5,000)
Accounts receivable	(5,500)	-
Prepaid expenses	(4,549)	6,709
Increase (decrease) in:		
Accounts payable	9,895	28,611
Accrued payroll and vacation	8,525	2,127
Deferred revenue	<u>63,505</u>	<u>(45,885)</u>
Net cash provided by operating activities	<u>205,772</u>	<u>107,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit - net	86,792	183,665
Construction in progress	(14,083)	-
Purchases of property and equipment	<u>-</u>	<u>(5,197)</u>
Net cash provided by investing activities	<u>72,709</u>	<u>178,468</u>
NET INCREASE IN CASH AND RESTRICTED CASH	278,481	285,966
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>547,879</u>	<u>261,913</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 826,360</u>	<u>\$ 547,879</u>
Cash - Unrestricted	\$ 153,236	\$ 178,440
Cash - Board designated	539,215	86,881
Cash - Restricted	<u>133,909</u>	<u>282,558</u>
Total cash at yearend	<u>\$ 826,360</u>	<u>\$ 547,879</u>

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

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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 \$539,215 and \$282,558 at December 31, 2021 and 2020, 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 \$570,604 and \$457,883 for the years ended December 31, 2021 and 2020, respectively, are recognized as contributions in accordance with accounting standards. The donated services of physicians, dentists and support staff amounted to approximately \$452,856 and \$339,861 for the years ended December 31, 2021 and 2020, respectively. Donated other services consisting of utilities and radiology services were approximately \$20,728 and \$21,002 for the years ended December 31, 2021 and 2020, respectively. The Organization received estimated donated rent of \$97,020 for the years December 31, 2021 and 2020 (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, 2021 AND 2020

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 \$2,500 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 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). There was no concentration of revenue for the year ended December 31, 2021.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

3. DONOR RESTRICTED NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Programs	\$ 133,909	\$ 57,543
Staffing	-	19,450
East Valley Outreach	-	89,935
Telemedicine	-	6,745
	<u>\$ 133,909</u>	<u>\$ 173,673</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 \$97,020 for each of the years ended 2021 and 2020 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	\$ 153,236
Grants Receivable	69,342
Accounts Receivable	<u>5,500</u>
Total	<u>\$ 228,078</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, 2021 AND 2020

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, 2021.

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. Under the terms of this loan, the loan will be forgiven in full provided it is used to pay for qualifying expenses. On March 10, 2021 the Organization received notification that the entire loan amount has been forgiven.

In February 2021 the Organization received a second Paycheck Protection Program loan in the amount of \$69,098. In June 2021, the Organization received notification of forgiveness of this loan and as such has reflected this forgivable loan is included in grant income on the statement of financial activities for the year ended December 31, 2021.

Due to the economic condition many companies face during this crisis, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law allowing for a refundable tax credit called the Employee Retention Credit (ERC). The purpose of the credit is to encourage businesses to keep employees on their payroll. In 2020, the credit applied to qualified wages paid after March 12, 2020 and before January 1, 2021. The maximum credit allowed was \$5,000 on qualifying wages for each employee.

In January 2021, the ERC was extended into 2021, increased to \$7,000 on qualifying wages for each employee for each of the first two quarters of 2021, and allowed for recipients of PPP funding to retroactively claim these credits for all periods where wage expenses were not covered by PPP funds. As of December 31, 2021 the Organization applied for and received \$46,015 in ERC refunds and credits which is included on the statement of activities.

7. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 26, 2022 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after December 31, 2021 or as of April 26, 2022 that require additional disclosure to the financial statement.