

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

INDIO, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021



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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, 2022, 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, 2022, 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

We have previously audited the financial statements of Coachella Valley Volunteers in Medicine for the year ended December 31, 2021, in our report dated April 26, 2022, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2021, 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 25, 2023

COACHELLA VALLEY VOLUNTEERS IN MEDICINE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

WITH COMPARATIVE TOTALS AT DECEMBER 31, 2021

		<u>ASSETS</u>		<u>Totals</u>	
		<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022</u>	<u>2021 (Memorandum Only)</u>
CURRENT ASSETS					
Cash	\$	285,100	\$ 5,881	\$ 290,981	\$ 287,145
Cash - Board designated		602,614	-	602,614	539,215
Grants receivable		5,000	-	5,000	69,342
Accounts receivable		8,700	-	8,700	5,500
Prepaid expenses		10,474	-	10,474	10,356
Total current assets		<u>911,888</u>	<u>5,881</u>	<u>917,769</u>	<u>911,558</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
Leasehold improvements		26,380	-	26,380	-
		190,217	-	190,217	163,837
Less accumulated depreciation		<u>(155,991)</u>	<u>-</u>	<u>(155,991)</u>	<u>(150,915)</u>
Total Property & Equipment		34,226	-	34,226	12,922
Construction in progress		<u>-</u>	<u>-</u>	<u>-</u>	<u>14,083</u>
OTHER ASSETS					
Right of use asset		<u>77,811</u>	<u>-</u>	<u>77,811</u>	<u>-</u>
Total other assets		<u>77,811</u>	<u>-</u>	<u>77,811</u>	<u>-</u>
TOTAL ASSETS	\$	<u>1,023,925</u>	\$ <u>5,881</u>	<u>1,029,806</u>	\$ <u>938,563</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts payable	\$	24,204	\$ -	\$ 24,204	\$ 46,930
Accrued payroll and vacation		56,838	-	56,838	36,655
Deferred revenue		10,000	-	10,000	63,505
Right of use asset - current portion		26,154	-	26,154	-
Total current liabilities		<u>117,196</u>	<u>-</u>	<u>117,196</u>	<u>147,090</u>
LONG-TERM LIABILITIES					
Right of use asset - net of current portion		<u>51,656</u>	<u>-</u>	<u>51,656</u>	<u>-</u>
Total long term liabilities		<u>51,656</u>	<u>-</u>	<u>51,656</u>	<u>-</u>
TOTAL LIABILITIES		<u>168,853</u>	<u>-</u>	<u>168,853</u>	<u>147,090</u>
NET ASSETS					
Without donor restrictions					
Undesignated by the Board		252,458	-	252,458	118,349
Designated by the Board		602,614	-	602,614	539,215
With donor restrictions		<u>-</u>	<u>5,881</u>	<u>5,881</u>	<u>133,909</u>
TOTAL NET ASSETS		<u>855,072</u>	<u>5,881</u>	<u>860,953</u>	<u>791,473</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,023,925</u>	\$ <u>5,881</u>	<u>1,029,806</u>	\$ <u>938,563</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, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	(Memorandum Only)
SUPPORT AND REVENUES				
Contributions and grants	\$ 651,578	\$ 10,000	\$ 661,578	\$ 654,325
Donated services and rents	600,745	-	600,745	570,604
Fundraising income	424,563	-	424,563	283,182
ERC refunds	612	-	612	46,015
Net assets released from restrictions	<u>138,028</u>	<u>(138,028)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,815,526</u>	<u>(128,028)</u>	<u>1,687,498</u>	<u>1,554,126</u>
EXPENSES				
Program services	1,278,055	-	1,278,055	1,082,273
General and administrative	146,349	-	146,349	115,865
Fundraising and development	<u>193,614</u>	<u>-</u>	<u>193,614</u>	<u>161,177</u>
Total expenses	<u>1,618,018</u>	<u>-</u>	<u>1,618,018</u>	<u>1,359,315</u>
INCREASE (DECREASE) IN NET ASSETS	<u>197,508</u>	<u>(128,028)</u>	<u>69,480</u>	<u>194,811</u>
NET ASSETS AT BEGINNING OF YEAR	<u>657,564</u>	<u>133,909</u>	<u>791,473</u>	<u>596,662</u>
NET ASSETS AT END OF YEAR	<u>\$ 855,072</u>	<u>\$ 5,881</u>	<u>\$ 860,953</u>	<u>\$ 791,473</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, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2022</u>				<u>2021</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>	<u>(Memorandum Only)</u>
Salaries	\$ 384,034	\$ 39,899	\$ 74,811	\$ 498,744	\$ 398,693
Donated services	451,113	-	-	451,113	452,856
Payroll taxes	31,654	3,289	6,166	41,109	25,439
Employee benefits	38,529	4,003	7,506	50,038	32,487
Workers compensation insurance	2,101	218	409	2,728	2,498
Care delivery costs	57,878	-	-	57,878	47,506
Donated other services	52,612	-	-	52,612	20,728
Medical supplies	25,300	-	-	25,300	30,797
Rent	20,096	2,364	1,182	23,642	-
Rent-donated	82,467	9,702	4,851	97,020	97,020
Depreciation	4,315	508	254	5,076	3,427
Occupancy costs	49,386	5,810	2,905	58,101	25,816
Insurance	2,304	3,950	329	6,583	5,502
Utilities	26,234	3,086	1,543	30,864	26,036
Office expense	32,794	20,869	5,963	59,626	37,815
Accounting and audit	-	14,950	-	14,950	13,625
Outside services	7,270	11,424	2,077	20,771	46,196
Special events	-	17,283	80,634	97,917	73,745
Advertising and promotion	9,968	4,984	4,984	19,936	17,032
Miscellaneous	-	4,010	-	4,010	2,096
	<u>\$ 1,278,055</u>	<u>\$ 146,349</u>	<u>\$ 193,614</u>	<u>\$ 1,618,018</u>	<u>\$ 1,359,314</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, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 69,480	\$ 194,811
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,076	3,427
(Increase) decrease in:		
Grants receivable	64,342	(64,342)
Accounts receivable	(3,200)	(5,500)
Prepaid expenses	(118)	(4,549)
Increase (decrease) in:		
Accounts payable	(22,726)	9,895
Accrued payroll and vacation	20,183	8,525
Deferred revenue	(53,505)	63,505
Net cash provided by operating activities	<u>79,532</u>	<u>205,772</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit - net	-	86,792
Construction in progress	-	(14,083)
Purchases of property and equipment	(12,297)	-
Net cash used by investing activities	<u>(12,297)</u>	<u>72,709</u>
NET INCREASE IN CASH AND RESTRICTED CASH	67,235	278,481
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>826,360</u>	<u>547,879</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 893,595</u>	<u>\$ 826,360</u>
Cash - Unrestricted	\$ 285,100	\$ 153,236
Cash - Board designated	602,614	539,215
Cash - Restricted	5,881	133,909
Total cash at yearend	<u>\$ 893,595</u>	<u>\$ 826,360</u>

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

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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 \$602,614 and \$539,215 at December 31, 2022 and 2021, 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 \$600,745 and \$570,604 for the years ended December 31, 2022 and 2021, respectively, are recognized as contributions in accordance with accounting standards. The donated services of physicians, dentists and support staff amounted to approximately \$451,113 and \$452,856 for the years ended December 31, 2022 and 2021, respectively. Donated other services consisting of utilities and radiology services were approximately \$52,612 and \$20,728 for the years ended December 31, 2022 and 2021, respectively. The Organization received estimated donated rent of \$97,020 for the years December 31, 2022 and 2021 (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, 2022 AND 2021

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.

Recent Accounting Pronouncements

In February, 2016 the FASB issued ASU 2016-02, *Leases* (topic 842) to increase transparency and comparability among organizations by recognizing operating lease assets and operating lease liabilities on the statement of financial position and disclosing key information about leasing transactions. The Organization has adopted implementation of this pronouncement which has been implemented in the December 31, 2022 financials.

COACHELLA VALLEY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

2. DONOR RESTRICTED NET ASSETS

Donor restricted net assets are restricted for specified programs as of December 31, 2022 and 2021 were \$5,881 and \$133,909, respectively.

3. 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 for each of the years ended 2022 and 2021 in donated rent revenue and rent expense.

The Organization is obligated under a three-and-a-half-year lease commitment for office space in Palm Springs signed in June 2022, and expiring on November 30, 2025. Lease expense under this agreement was \$23,642 for the year ended December 31, 2022.

The following is a schedule of the present value of future minimum lease payments required under this agreement as of December 31, 2022:

<u>Year ended</u> <u>December 31</u>	
2023	\$ 26,154
2024	25,902
2025	<u>25,755</u>
	<u>\$ 77,811</u>

4. LIQUIDITY

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

Cash	\$ 285,100
Grants Receivable	5,000
Accounts Receivable	<u>8,700</u>
Total	<u>\$ 298,800</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, 2022 AND 2021

5. EMPLOYEE RETENTION CREDIT AND PAYCHECK PROTECTION PROGRAM

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 for 2021. During the year ended December 31, 2022 the organization received an additional \$641 in ERC refunds.

6. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 25, 2023 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after December 31, 2022 or as of April 25, 2023 that require additional disclosure to the financial statement.