

**SAN DIEGO COUNTY  
MEDICAL SOCIETY FOUNDATION  
DBA CHAMPIONS FOR HEALTH  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**SAN DIEGO COUNTY MEDICAL SOCIETY FOUNDATION  
DBA CHAMPIONS FOR HEALTH**

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# CONSIDINE CONSIDINE

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
San Diego County Medical Society Foundation  
DBA Champions for Health

We have audited the accompanying financial statements of San Diego County Medical Society Foundation DBA Champions for Health, A Nonprofit Organization, which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. 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 audit 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.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego County Medical Society Foundation DBA Champions for Health, as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Considine & Considine". The script is cursive and somewhat stylized.

CONSIDINE & CONSIDINE  
An Accountancy Corporation

May 7, 2021

**SAN DIEGO COUNTY MEDICAL SOCIETY FOUNDATION  
DBA CHAMPIONS FOR HEALTH  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2020 AND 2019**

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	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 33,445	\$ 48,718
Investments (Note 3)	135,751	52,689
Grants and contracts receivable	24,400	21,388
Accounts receivable	4,272	39,865
Prepaid expenses	12,137	5,264
TOTAL ASSETS	210,005	167,924
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	36,412	65,521
Accrued expenses	19,349	22,435
Fiscal agency payable	9,663	9,663
Deferred revenue	26,000	43,304
Note payable - current (Note 7)	18,000	18,000
	109,424	158,923
LONG-TERM LIABILITIES		
PPP loan payable (Note 6)	54,158	-
Note payable - long term (Note 7)	183,949	138,012
	238,107	138,012
TOTAL LIABILITIES	347,531	296,935
NET ASSETS (Note 8)		
Without donor restrictions	(173,914)	(223,523)
With donor restrictions	36,388	94,512
	(137,526)	(129,011)
TOTAL LIABILITIES AND NET ASSETS	\$ 210,005	\$ 167,924

**SAN DIEGO COUNTY MEDICAL SOCIETY FOUNDATION  
DBA CHAMPIONS FOR HEALTH  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
In-kind donations	\$ 552,175	\$ -	\$ 552,175
Contract income	33,247	248,596	281,843
Grant revenue	84,787	85,047	169,834
Contributions	149,037	-	149,037
Investment income, net	33,351	-	33,351
Funds released from restrictions	391,767	(391,767)	-
	1,244,364	(58,124)	1,186,240
<b>SPECIAL EVENTS (Note 10)</b>			
Events revenue	61,368	-	61,368
Direct benefit to donors	(5,396)	-	(5,396)
	55,972	-	55,972
Total revenues	1,300,336	(58,124)	1,242,212
<b>EXPENSES</b>			
Program	1,027,947	-	1,027,947
General and administrative	142,345	-	142,345
Fundraising	80,435	-	80,435
	1,250,727	-	1,250,727
<b>CHANGE IN NET ASSETS</b>	49,609	(58,124)	(8,515)
<b>NET ASSETS, BEGINNING OF YEAR</b>	(223,523)	94,512	(129,011)
<b>NET ASSETS, END OF YEAR</b>	\$ (173,914)	\$ 36,388	\$ (137,526)

**SAN DIEGO COUNTY MEDICAL SOCIETY FOUNDATION  
DBA CHAMPIONS FOR HEALTH  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
In-kind donations	\$ 956,250	\$ -	\$ 956,250
Contract Income	80,309	247,791	328,100
Grant revenue	5,000	110,910	115,910
Contributions	48,073	-	48,073
Investment income, net	6,120	-	6,120
Funds released from Restriction	371,974	(371,974)	-
	<u>1,467,726</u>	<u>(13,273)</u>	<u>1,454,453</u>
<b>SPECIAL EVENTS (Note 10)</b>			
Events revenue	99,759	-	99,759
Direct benefit to donors	(27,005)	-	(27,005)
	<u>72,754</u>	<u>-</u>	<u>72,754</u>
Total revenues	1,540,480	(13,273)	1,527,207
<b>EXPENSES</b>			
Program	1,414,766	-	1,414,766
General and administrative	130,327	-	130,327
Fundraising	92,333	-	92,333
	<u>1,637,426</u>	<u>-</u>	<u>1,637,426</u>
CHANGE IN NET ASSETS	(96,946)	(13,273)	(110,219)
NET ASSETS, BEGINNING OF YEAR	<u>(126,577)</u>	<u>107,785</u>	<u>(18,792)</u>
NET ASSETS, END OF YEAR	<u>\$ (223,523)</u>	<u>\$ 94,512</u>	<u>\$ (129,011)</u>

**SAN DIEGO COUNTY MEDICAL SOCIETY FOUNDATION  
DBA CHAMPIONS FOR HEALTH  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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EXPENSES	Program Services	General and Administrative	Fundraising	Total
Bad debt expense	\$ -	\$ 870	\$ -	\$ 870
Bank charges	-	522	-	522
Charitable contributions	39,169	-	-	39,169
Equipment	925	-	-	925
Grants and scholarships	599	199	-	798
Insurance	2,498	-	-	2,498
Marketing	21,625	2,755	-	24,380
Medical services	518,425	2,885	-	521,310
Medical supplies	7,690	-	-	7,690
Meetings and education	5,853	1,226	-	7,079
Office expenses	-	21,155	-	21,155
Outside services and consulting	24,420	17,000	30,976	72,396
Payroll costs	315,448	67,762	-	383,210
Printing and postage	395	292	-	687
Professional fees	18,684	7,461	-	26,145
Rent and utilities	65,362	8,170	8,170	81,702
Special event expenses (Note 10)	-	-	46,685	46,685
Tax and licenses	-	117	-	117
Technology and communication	3,343	11,422	-	14,765
Travel	3,174	489	-	3,663
Volunteer recognition	337	20	-	357
	<u>1,027,947</u>	<u>142,345</u>	<u>85,831</u>	<u>1,256,123</u>
Less: Direct benefit to donors at special events included in revenue	<u>-</u>	<u>-</u>	<u>(5,396)</u>	<u>(5,396)</u>
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES</b>	<u><u>\$ 1,027,947</u></u>	<u><u>\$ 142,345</u></u>	<u><u>\$ 80,435</u></u>	<u><u>\$ 1,250,727</u></u>



**SAN DIEGO COUNTY MEDICAL SOCIETY FOUNDATION  
DBA CHAMPIONS FOR HEALTH  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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	Program Services	General and Administrative	Fundraising	Total
EXPENSES				
Bad debt expense	\$ -	\$ 6,331	\$ -	\$ 6,331
Bank charges	-	3,927	-	3,927
Equipment	103	660	-	763
Grants and scholarships	8,000	-	-	8,000
Insurance	-	2,698	-	2,698
Marketing	20,100	7,480	-	27,580
Medical services	909,770	-	-	909,770
Medical supplies	8,193	-	-	8,193
Meetings and education	24,066	1,349	-	25,415
Office expenses	623	13,050	-	13,673
Outside services and consulting	59,207	865	30,000	90,072
Payroll costs	279,197	61,302	-	340,499
Printing and postage	1,254	972	-	2,226
Professional fees	24,136	9,207	-	33,343
Rent and utilities	68,496	8,562	8,562	85,620
Special event expenses (Note 9)	-	-	80,702	80,702
Tax and licenses	-	436	-	436
Technology and communication	1,947	11,361	74	13,382
Travel	6,029	891	-	6,920
Volunteer recognition	3,645	1,236	-	4,881
	1,414,766	130,327	119,338	1,664,431
Less: Direct benefit to donors at special events included in revenue	-	-	(27,005)	(27,005)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 1,414,766	\$ 130,327	\$ 92,333	\$ 1,637,426

**SAN DIEGO COUNTY MEDICAL SOCIETY FOUNDATION  
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STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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	2020	2019
CASH FLOWS USED BY OPERATING ACTIVITIES		
Change in net assets	\$ (8,515)	\$ (110,219)
ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Investment income, net	(33,351)	(6,120)
Changes in operating assets and liabilities:		
Grants and contracts receivable	(3,012)	(1,675)
Accounts receivable	35,593	(19,509)
Prepaid expenses	(6,873)	1,254
Accounts payable	(29,109)	15,998
Deferred revenue	(17,304)	43,304
Accrued expenses	(3,086)	(284)
	(57,142)	32,968
NET CASH USED BY OPERATING ACTIVITIES	(65,657)	(77,251)
CASH FLOWS (USED)/PROVIDED BY INVESTING ACTIVITIES		
Proceeds from the sale of investments	37,789	45,551
Purchases of investments	(87,500)	(6,106)
	(49,711)	39,445
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Principle borrowings on note payable	45,937	37,038
Proceeds received from PPP loan payable	54,158	-
	100,095	37,038
NET DECREASE IN CASH	(15,273)	(768)
CASH, BEGINNING	48,718	49,486
CASH, ENDING	\$ 33,445	\$ 48,718
SUPPLEMENTAL DISCLOSURES:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1 THE ORGANIZATION**

The San Diego Medical Society Foundation DBA Champions for Health (the "Foundation") is a California Nonprofit Organization. The Foundation's mission is to improve community health and wellness, access to care for all, and support physicians through engaged volunteerism. The Foundation was formed as a separate non-for-profit corporation by the leadership of the San Diego County Medical Society ("SDCMS") in 2004 to facilitate volunteerism on the part of the SDCMS members, and SDCMS remains committed to the success of the Foundation, as demonstrated through donated services annually.

The Foundation's programs consist of the following initiatives:

**Access to Care**

The Foundation is in support of local organizations that provide direct care to the neediest of our community. By recruiting physicians who wish to donate their services, helping to connect the needy to free specialty care, the Foundation is committed to playing an active role in solving this community-wide problem. The Foundation received donated services from over 699 physicians, as well as other health providers, totaling \$471,180 and \$872,734 for the years ended September 30, 2020 and 2019, respectively (see note 2). Additional donated services were provided directly to individuals totaling \$2,159,508 and \$1,798,504 based on normalized Medicare rates for the years ended September 30, 2020 and 2019, respectively. These donated services are not reflected in the financial statements.

**Community Health and Wellness**

The Foundation supports community health and wellness through a variety of prevention activities, including free flu immunizations and other vaccinations, blood pressure screening, and community health education. These programs are provided to the community without charge.

**Medical Student Support**

The Foundation provides scholarships to medical students and new residents serving in San Diego County. Additionally, students participate with physicians from around California learning about legislative impact on healthcare policy and interacting with legislators in Sacramento during legislative day.

These programs are developed to sensitize students to the needs of the San Diego community and to promote physician retention in San Diego after graduation and residency.

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**Retired Physicians Society**

The Foundation is convening retired physicians living in the San Diego community who are interested in continuing to use their talents and skills in a voluntary capacity. At quarterly meetings, members have an opportunity to network with a variety of community organizations that would value and utilize their concerns facing our community. The goal is to provide opportunities for retired physicians to connect with, become involved with, participate in, and offer leadership to organizations that serve the healthcare needs of the underserved in our community.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting - The accompanying financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles.

Basis of presentation – Under accounting standards on financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions

Net assets without donor restrictions – Net assets without donor restrictions consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in its program or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors

Net assets with donor restrictions – Net assets with donor restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. At September 30, 2020 and 2019 the Organization had donor restricted net assets of \$36,388 and \$94,512, respectively.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Concentration of credit risk - The Foundation maintains its cash in bank deposit account which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash - The Foundation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Foundation maintains its bank accounts with a national bank.

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Property and equipment - Property and equipment are carried at cost or, if donated, at approximate value at the date of the gift. The Foundation follows the practice of capitalizing expenditures in excess of \$2,500. Expenditures for repairs and maintenance are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of three years. Property and equipment acquired by SDCMS, a related party by common board membership, are used by the Foundation for operating purposes. SDCMS and the Foundation have an agreement in place for shared costs.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Gains and losses are included in the statements of activities and changes in net assets.

Fair value measurement - The Foundation follows accounting standards which define fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Fiscal agency - The Foundation acts as a fiscal agent for the Cancer Care Fund. When nonprofit Foundations function as an agent helping donors make contributions to another entity, they do not receive a contribution when they receive the assets, nor do they make a contribution when they disburse the assets to the other entity. Instead they act as go-betweens, passing the assets from the donor through the Foundation to the specified entity, and accordingly, record the funds as a liability. FASB ASC 958-605 establishes standards for transactions in which an entity, the donor, makes a contribution by transferring assets to a nonprofit, a recipient entity, that accepts the assets from the donor and agrees to use those assets as specified by the donor.

Funds held by the Foundation for use by the Cancer Care Fund at September 30, 2020 and 2019 were \$9,663.

Advertising - The Foundation follows the policy of expensing advertising costs as incurred. Advertising expense was \$4,280 and \$7,480 for the years ended September 30, 2020 and 2019, respectively. The majority of advertising expenses incurred by the Company were contributed by SDCMS and recorded as an in-kind contribution.

Deferred revenue - Revenue received in advance of a special event are deferred. The revenues are recognized when the event occurs. The Champions Soiree in 2020 was deferred due to the pandemic.

Revenue recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period.

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Accounting Standards Update No. 2014-09, 2016-08, 2016-10, 2016-12 and 2016-20, collectively implemented as Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606 (“ASC 606”) Revenue from Contracts with Customers, provides guidance for revenue recognition. This ASC’s core principle requires an organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer. The new standard permits the use of either the modified retrospective or full retrospective transition method.

The Foundation has performed a review of the new guidance as compared to its current accounting policies, and evaluated all services rendered to its customers as well as underlying contracts to determine the impact of this standard to its revenue recognition process. Upon completion of its review of relevant contracts, the Foundation has made a determination that there was not a material impact to fiscal 2020 revenues as a result of applying ASC 606. Additionally, there have not been significant changes to the Foundation’s business processes, systems, or internal controls as a result of implementing the standard. The Foundation adopted the standard on October 1, 2019, using the modified retrospective transition method.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU includes clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions. The Foundation adopted ASU 2018-08, under the modified prospective approach to agreements that were either not completed as of October 1, 2019 or entered into after October 1, 2019. The adoption of this ASU did not have a material effect on the financial statements for contributions received. The Foundation does not make significant contributions and the impact of ASU 2018- 08 related to contributions made is not expected to be material to the financial statements or disclosures.

In-kind contributions - In-kind contributions are reflected as contributions at fair value at the date of donation and are reported as unrestricted support unless specific donor stipulations specify how donated assets must be used. All donated services recognized created a non-financial asset or required specialized skills that would have been purchased if not donated. The Foundation received in-kind donations for medical services for individuals in need of care. The value of donated services totaled \$471,180 and \$872,734 for the years ended September 30, 2020 and 2019, respectively. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed. There are numerous other individuals who volunteer their time and perform a variety of tasks to assist the Foundation with the medical program, fundraising, and administrative support. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition as contributions. The Foundation benefited from in-kind donations from SDCMS of rent and marketing expenses of \$80,995 and \$82,893 for the years ended September 30, 2020 and 2019, respectively.

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Grant and contract revenue - Grant and contract revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant or the contract. A receivable is recorded when revenue earned under a grant or contract exceeds the cash received. Deferred grant and contract revenue is recorded when cash received under a grant or contract exceeds the revenue earned. Grants and contracts receivable totaled \$24,400 and \$21,388 at September 30, 2020 and 2019, respectively.

Income taxes - The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation, however, may be subject to tax on income which is not related to its exempt purpose. For the years ended September 30, 2020 and 2019, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made.

The Foundation follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the Foundation's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. As of September 30, 2020 and 2019, the Foundation has not accrued interest or penalties related to uncertain tax positions. The Foundation files tax returns in the U.S. Federal jurisdiction and the State of California.

**NOTE 3 INVESTMENTS**

The Foundation's investments consist of the following:

	<u>2020</u>	<u>2019</u>
Common stocks	\$ 78,495	\$ -
Mutual funds	57,256	52,689
	<u>\$ 135,751</u>	<u>\$ 52,689</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2020:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Realized and unrealized gains	<u>\$ 33,351</u>	<u>\$ -</u>	<u>\$ 33,351</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2019:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Realized and unrealized gains	<u>\$ 6,120</u>	<u>\$ -</u>	<u>\$ 6,120</u>

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**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2020	2019
Office equipment	\$ 2,524	\$ 2,524
Accumulated depreciation	(2,524)	(2,524)
	\$ -	\$ -

Depreciation expense for the years ended September 30, 2020 and 2019 was \$0.

**NOTE 5 FAIR VALUE MEASUREMENT**

The Foundation follows the methods of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below.

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The investments in common stocks and mutual funds are valued at market prices in active markets and are classified as Level 1.

Financial assets and liabilities carried at fair value measured on a recurring basis at September 30, 2020 and 2019 are classified in one of the three categories previously mentioned.



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The table below presents the balances of assets measured at fair value as of September 30, 2020 on a recurring basis:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 78,494	\$ -	\$ -	\$ 78,494
Mutual funds	57,256	-	-	57,256
	<u>\$ 135,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,750</u>

The table below presents the balances of assets measured at fair value as of September 30, 2019 on a recurring basis:

	Level 1	Level 2	Level 3	Total
Mutual funds	52,689	-	-	52,689
	<u>52,689</u>	<u>-</u>	<u>-</u>	<u>52,689</u>

Changes in Level 3 financial instruments during the year ended September 30, 2019 were as follows:

	Mortgage fund
Balance at October 1, 2018	\$ 36,536
Sales and settlements	(36,536)
Balance at September 30, 2019	<u>\$ -</u>

**NOTE 6 PPP LOAN PAYABLE**

In May 2020, the Company entered into a note payable agreement with Wells Fargo Bank for \$54,158, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note matures two years from the disbursement date and bears interest at a rate of 1.000% per annum, with the first six months of interest deferred. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (qualifying expenses), pursuant to the terms and limitations of the PPP. The Organization believes that it will use all of the proceeds from the note for the qualifying expenses. However, no assurance is provided that the Organization will obtain forgiveness of the note in whole or in part.

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**NOTE 7 NOTE PAYABLE**

In September 2017, the Foundation entered into a loan agreement with San Diego County Medical Society, a related party through common board membership. As of September 30, 2020, the balance of the note was \$201,949. The note payable bears no interest and matures in May 2025.

The summary of principal maturities required under the note payable for the fiscal years ended September 30 are as follows:

2021	18,000
2022	18,000
2023	18,000
2024	18,000
2025	129,949
	<u>\$ 201,949</u>

**NOTE 8 NET ASSETS**

Net assets consist of the following:

	2020	2019
Without donor restrictions:	\$ (173,914)	\$ (223,523)
With donor restrictions:		
Colorectal cancer	16,227	16,327
Physician education	10,910	10,910
Project access	5,269	27,949
Simon/Hertzka	3,982	11,624
Houkum, MD memorial scholarship fund	-	24,970
Immunizations	-	2,732
	36,388	94,512
Total net assets	\$ (137,526)	\$ (129,011)

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Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors as follows:

	2020	2019
Project access	\$ 252,905	\$ 204,911
Speakers bureau	85,996	83,323
Houkum, MD memorial scholarship fund	24,970	8,000
Immunizations	10,154	21,629
Colorectal cancer	10,100	8,525
Simon/Hertzka	7,642	-
Diabete prevention	-	20,817
Physician education	-	15,840
Breast cancer	-	8,929
	\$ 391,767	\$ 371,974

**NOTE 9 EMPLOYEE RETIREMENT PLAN**

The Foundation sponsors a 401 (k) plan for all eligible employees. The Foundation matches 100% of all eligible employees' contributions up to 6% of gross pay. The Foundation's contribution to the retirement plan for the years ended September 30, 2020 and 2019 was \$7,618 and \$13,868, respectively.

**NOTE 10 SPECIAL EVENTS**

Special event revenues and expenses are directly related to the Champions Soiree and Solana Beach Sunset 5k Run and wellness expo and consist of the following for the years ended September 30:

	2020	2019
Revenue:		
Solana beach 5k	\$ 59,408	\$ 38,516
Other events	1,960	9,844
Champions Soiree	-	51,399
	61,368	99,759
Expenses:		
Solana beach 5k	28,952	41,621
Champions Soiree	16,476	27,895
Other events	1,258	11,186
	46,686	80,702
Net special events income	\$ 14,682	\$ 19,057

Due to the Covid-19 pandemic, the annual Champions Soiree event was canceled in 2020.

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**NOTE 11 RELATED PARTY TRANSACTIONS**

The Foundation receives contributions from SDCMS, a related party through common board membership. Amounts received from SDCMS, which were forwarded from individual contributions that were collected through dues payments, for the year ended September 30, 2020 and 2019 were \$15,841 and \$12,043, respectively, and are recorded as unrestricted contributions on the Statement of Activities and Changes in Net Assets.

The Foundation reimburses SDCMS, a related party through common board membership, for certain operational expenses. The Foundation had amounts due to SDCMS for reimbursement of expenses of \$0 at September 30, 2020 and 2019. The following is a summary of expenses reimbursed to SDCMS for the year ended September 30, 2020 and 2019:

	2020	2019
Rent and utilities	\$ 60,895	\$ 62,793
Other overhead expenses	20,100	20,100
	\$ 80,995	\$ 82,893

In September 2017, the Foundation entered into a loan agreement with a related party through common board membership (See Note 7).

In June 2016, the Foundation entered into a sub-lease agreement with San Diego County Medical Society, a related party through common board membership (See Note 12).

**NOTE 12 COMMITMENTS**

In June 2016, the Foundation entered into a sub-lease agreement with San Diego County Medical Society, a related party through common board membership. As part of the agreement, the Foundation is obligated to pay \$1,847 per month, for 54 months, for rent. The Foundation is also obligated to pay \$52, per employee, per month, for the use of equipment and \$80, per employee, per month, for the use of telephone and internet services. Both parties agreed to exercise a renewal option 18 months prior to the expiration of this agreement.

Minimum future lease payments related to office space are due as follows for the years ended September 30:

	2021	\$ 3,694
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**NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization is substantially supported by contributions with donor restrictions and In-kind donations. Contributions and expenses are monitored on a monthly basis by the Organization's management and a committee of the Board of Directors. The level of assets are monitored on an annual basis. The Organization's goal is to be able to function within the boundaries of the income received throughout the year.

The following reflects the Organization's financial assets as of September 30, 2020, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets, at year-end:

Cash	\$ 33,445
Investments	135,751
Grants and contracts receivable	24,400
Accounts receivable	<u>4,272</u>
Total financial assets	197,868

Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:

Restricted by purpose	<u>(36,388)</u>
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Financial assets available to meet cash needs for general expenditures within one year

\$ 161,480

**NOTE 14 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 7, 2021, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements, except as noted below:

As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the State of California, the state in which the Company operates, the Company is experiencing reduced revenues. The duration of the reduction in revenues may be only temporary. However, the related financial impact and duration cannot be reasonable estimated at this time.

In December 2020, The Foundation entered into an agreement for office space in San Diego, CA. The agreement expires in December 2023.