

**DESERT VIEW  
(A NOT-FOR-PROFIT ORGANIZATION)**

**REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2010 (REVIEWED)  
AND 2009 (AUDITED)**

**DESERT VIEW**  
**FOR THE YEAR ENDED DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

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## **REPORT ON FINANCIAL STATEMENTS**



HEINFELD, MEECH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Desert View

We have reviewed the accompanying statement of financial position of Desert View (a Not-For-Profit Organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information for the year ended December 31, 2010 on pages 14 through 17 is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

The financial statements for the year ended December 31, 2009, were audited by us and we expressed an unqualified opinion on them in our report dated May 20, 2010. In addition, the supplementary information for the year ended December 31, 2009 was subjected to the auditing procedures applied in the audit of the basic financial statements, and our report stated that it was fairly stated in all material respects to the basic financials statements taken as a whole. We have not performed any auditing procedures on either the financial statements or on the supplementary information since May 20, 2010.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

March 10, 2011

**DESERT VIEW**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**ASSETS**

	<b>2010</b>	<b>2009</b>
<b>Current Assets</b>		
Cash	\$ 708,670	\$ 864,272
Patient accounts receivable - net of allowance		15,372
Inventory	2,491	3,350
Prepaid items	6,350	8,090
Deposits		5,500
<b>Total Current Assets</b>	<u>717,511</u>	<u>896,584</u>
<b>Noncurrent Assets</b>		
Property and equipment (net of accumulated depreciation of \$81,997 and \$52,981)	<u>953,634</u>	<u>965,197</u>
<b>Total Noncurrent Assets</b>	<u>953,634</u>	<u>965,197</u>
<b>Total Assets</b>	<u>\$ 1,671,145</u>	<u>\$ 1,861,781</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 1,433	\$ 7,024
Accrued payroll	887	5,730
Compensated absences payable	<u>7,937</u>	<u>16,369</u>
<b>Total Current Liabilities</b>	10,257	29,123
<b>Total Liabilities</b>	<u>\$ 10,257</u>	<u>\$ 29,123</u>
<b>Net Assets</b>		
Unrestricted		
Board designated	15,582	
Undesignated	<u>1,645,306</u>	<u>1,832,658</u>
Total unrestricted net assets	<u>1,660,888</u>	<u>1,832,658</u>
<b>Total Net Assets</b>	<u>1,660,888</u>	<u>1,832,658</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,671,145</u>	<u>\$ 1,861,781</u>

**DESERT VIEW  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010 (REVIEWED)**

	<b>Unrestricted</b>
<b><u>Revenues and support</u></b>	
Patient service revenue	\$ 46,332
Contributions, grants and bequests	133,060
Investment income	6,444
Other operating revenue	<u>290</u>
Total revenues and support	<u>186,126</u>
 <b><u>Expenses</u></b>	
Program expenses	
Nursing services	173,168
Dietary services	30,993
Environmental services	<u>10,834</u>
Total program expenses	<u>214,995</u>
Supporting services	
General and administrative expenses	141,013
Fundraising	<u>1,888</u>
Total supporting services	<u>142,901</u>
Total Expenses	<u>357,896</u>
<b>Decrease in Net Assets</b>	<u>(171,770)</u>
<b>Beginning Net Assets</b>	<u>1,832,658</u>
<b>Ending Net Assets</b>	<u><u>\$ 1,660,888</u></u>

**DESERT VIEW  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009 (AUDITED)**

	<b>Unrestricted</b>
<b><u>Revenues and support</u></b>	
Patient service revenue	\$ 247,111
Contributions, grants and bequests	151,402
Investment income	19,985
Other operating revenue	<u>169</u>
Total revenues and support	<u>418,667</u>
 <b><u>Expenses</u></b>	
Program expenses	
Nursing services	464,416
Dietary services	75,109
Environmental services	<u>44,434</u>
Total program expenses	<u>583,959</u>
Supporting services	
General and administrative expenses	134,739
Fundraising	<u>19,374</u>
Total supporting services	<u>154,113</u>
 Total Expenses	 <u>738,072</u>
 Loss from operations	 <u>(319,405)</u>
 <b><u>Other income (expense)</u></b>	
Loss on disposal of property and equipment	<u>(16,497)</u>
Total other income (expense)	<u>(16,497)</u>
 <b>Decrease in Net Assets</b>	 <u>(335,902)</u>
 <b>Beginning Net Assets</b>	 <u>2,168,560</u>
 <b>Ending Net Assets</b>	 <u>\$ 1,832,658</u>

**DESERT VIEW**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (171,770)	\$ (335,902)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	29,016	26,228
Loss on disposal of land, buildings and equipment		16,497
Changes in assets and liabilities:		
Accounts receivable	15,372	53,455
Inventory	859	3,170
Prepaid items	1,740	(3,114)
Deposits	5,500	2,000
Accounts payable	(5,591)	4,230
Accrued payroll	(4,843)	(11,484)
Compensated absences payable	(8,432)	832
	(138,149)	(244,088)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(17,453)	(80,950)
Proceeds from sale of land, buildings and equipment		62,003
	(17,453)	(18,947)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(155,602)	(263,035)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	864,272	1,127,307
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 708,670	\$ 864,272

**DESERT VIEW**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Desert View (the Organization) provides visiting nurse services for Christian Scientists. The Organization went through a re-structuring in March 2010, at which time in-house nursing services were shut down. The Organization changed names from El Dorado Vista to Desert View in June 2010 and in August 2010, visiting nurse services began. Desert View is a member of the Partnership for Christian Science Nursing.

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting principles follows.

**A. Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**B. Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**C. Restricted and Unrestricted Revenue**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**D. Expense Allocation**

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.

**E. Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**DESERT VIEW**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**F. Donated Assets**

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

**G. Donated Property and Equipment**

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 contributions. 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. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**H. Donated Services**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, and various committee assignments.

**I. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**J. Patient Accounts Receivable**

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. As of current fiscal year end, there is no patient accounts receivable as all previously owed amounts were either collected or written off.

**DESERT VIEW**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**K. Inventories**

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market, and consist of food and nursing supplies at December 31, 2010 and 2009.

**L. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**M. Property and Equipment**

All acquisitions of assets with a cost in excess of \$1,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Assets are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from five to 30 years. Depreciation expenses amounted to \$29,016 and \$26,228 for the years ended December 31, 2010 and 2009, respectively.

**N. Designation of Unrestricted Net Assets**

The Board of Directors has designated certain contributions for benevolence purposes. These contributions are used to pay patient service fees for patients who are unable to pay.

**O. Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

**P. Reclassifications**

Certain accounts in the current-year financial statements have been reclassified for presentation purposes and do not conform to the presentation of the prior-year financial statements.

**DESERT VIEW  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)**

**Q. Patient Service Revenue**

Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered and is recognized in the month earned.

**R. Advertising Costs**

The cost of advertising is expensed when incurred or when the first advertising takes place. Advertising costs for 2010 and 2009 were \$1,888 and \$19,374, respectively.

**S. Compensated Absences**

Due to Organizational changes made during the current fiscal year, the Organization does not offer paid time off and therefore has no policy with regards to paid time off. However, the amount reflected in the financial statements as compensated absences payable represents the amount accrued prior to the Organizational change which is still owed at year end.

**NOTE 2 - CASH**

At year end, the carrying amount of the Organization's total cash in bank was \$708,470, and the bank balance was \$708,767. Of the bank balance, \$671,762 was covered by Federal depository insurance, \$325 was guaranteed under the transaction account guarantee component of the Temporary Liquidity Guarantee Program, and \$36,680 was uninsured and uncollateralized. Additionally, the Organization had \$200 of cash on hand.

Following is a detail of the Organization's bank accounts showing carrying amounts and bank balances.

<u>Bank Account</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Wells Fargo Operating Checking	\$ 14,425	\$ 14,722
Wells Fargo Business Savings	141,458	141,458
Wells Fargo Benevolence Savings	15,582	15,582
Everbank Checking	250,325	250,325
Goldwater Bank Savings	286,680	286,680
	<u>\$ 708,470</u>	<u>\$ 708,767</u>

Additionally, the \$36,680 that is uninsured and uncollateralized relates to the Goldwater Bank Savings Account, of which \$250,000 is covered by Federal depository insurance.

**DESERT VIEW**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**NOTE 3 - PATIENT ACCOUNTS RECEIVABLE**

The Organization had no patient accounts receivable at December 31, 2010. Patient accounts receivable at December 31, 2009 are presented as follows:

	2009
Private	\$ 15,372
Total	15,372
Less – allowance for uncollectible accounts	-0-
Patient accounts receivable -net	\$ 15,372

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31 are presented as follows:

	2010	2009
Land	\$ 266,000	\$ 266,000
Buildings and improvements	735,303	735,303
Vehicles, furniture and equipment	34,328	16,875
Total	1,035,631	1,018,178
Less - accumulated depreciation	(81,997)	(52,981)
Capital assets - net	\$ 953,634	\$ 965,197

**NOTE 5 - DEFINED CONTRIBUTION PENSION PLAN**

The Organization sponsored a 403(b) plan for the benefit of the Organization’s full-time employees, which was closed as of year end. Prior to its closing, the plan was funded by employees’ contributions of up to 15 percent of their qualified annual earnings and an employer match of 100 percent of the employee’s contribution limited by 4 percent of the employee’s qualified annual earnings for 2010 and 2009. Contributions to the plan for 2010 and 2009 were approximately \$1,052 and \$8,911, respectively.

**DESERT VIEW  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**NOTE 6 - NET PATIENT SERVICE REVENUE**

Net patient service revenue consisted of the following for the year ended December 31:

	2010	2009
Patient service revenue -		
In-patient routine	\$ 77,600	\$ 276,584
Home care and field duty nursing	630	2,762
Outpatient	45	90
Supplies	27	829
Total	78,302	280,265
Benevolence granted	(31,970)	(33,154)
Allowance for uncollectible accounts	-0-	-0-
Net patient service revenue	\$ 46,332	\$ 247,111

Allowance for uncollectible accounts represent accounts which are uncollectible.

**NOTE 7 – GOING CONCERN**

In the prior two years, the Organization had experienced a significant decrease in its number of patients and in the amount of contributions, grants and bequests received. As a result, there was a strong possibility that future expenses would continue to be in excess of future revenues and support. In addition, in March 2010, the Organization shut down all nursing operations and terminated almost all employees. The Organization changed to a visiting nurse service after the in-house nursing services were shut down. As of year end, management has plans to continue the visiting nurse service as well as bring back the in-house nursing services, which should increase patient service fee revenues. Additionally, cash balances at year end are sufficient to cover expenses for a significant period of time. Due to this, there is no longer substantial doubt about the Organization's ability to continue as a going concern.

**NOTE 8 – SUBSEQUENT EVENT**

Subsequent events have been evaluated through March 10, 2011, which is the date the financial statements were available to be issued.

The Organization has decided to restore in-house nursing services in 2011 and has accepted the proposal of an independent contractor nurse.

**SUPPLEMENTARY INFORMATION**

**DESERT VIEW  
SUPPLEMENTARY DATA  
DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION**

	December 31, 2010					Total
	Nursing	Dietary	Environmental	General & Administrative	Fundraising	
Salaries	\$ 124,644	\$ 18,191	\$	\$ 50,412	\$	\$ 193,247
Employee benefits	22,028	6,909		4,136		33,073
Other fees for services	11,734		2,837	14,622		29,193
Supplies and office expenses	5,168	368	1,800	14,010		21,346
Travel	3,199			1,808		5,007
Seminars				1,278		1,278
Food		3,309				3,309
Utilities			2,396	7,189		9,585
Computer				535		535
Accounting fees				8,179		8,179
Legal fees				1,586		1,586
Insurance	1,060		1,362	6,872		9,294
Depreciation	4,640	2,216	2,216	19,944		29,016
Marketing					1,888	1,888
Bad debt expense				2,891		2,891
Other expense	695		223	7,551		8,469
<b>Totals</b>	<u>\$ 173,168</u>	<u>\$ 30,993</u>	<u>\$ 10,834</u>	<u>\$ 141,013</u>	<u>\$ 1,888</u>	<u>\$ 357,896</u>

**DESERT VIEW  
SUPPLEMENTARY DATA  
DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION (Concl'd)**

December 31, 2009

	<u>Nursing</u>	<u>Dietary</u>	<u>Environmental</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 382,773	\$ 43,600	\$	\$ 73,485	\$	\$ 499,858
Employee benefits	44,260	7,633		9,883		61,776
Purchased services			10,707	7,379		18,086
Furniture and equipment			5,439			5,439
Supplies	10,299		5,477	3,281		19,057
Travel	3,228			3,550		6,778
Food		20,031				20,031
Utilities			12,501			12,501
Maintenance			903			903
Fees				3,380		3,380
Telephone			6,466			6,466
Accounting fees				13,640		13,640
Insurance	7,451	1,201	878	4,963		14,493
Depreciation	16,405	2,644	1,933	5,246		26,228
Marketing					19,374	19,374
Bad debt expense				6,606		6,606
Other expense			130	3,326		3,456
<b>Totals</b>	<u>\$ 464,416</u>	<u>\$ 75,109</u>	<u>\$ 44,434</u>	<u>\$ 134,739</u>	<u>\$ 19,374</u>	<u>\$ 738,072</u>

**DESERT VIEW  
SUPPLEMENTARY DATA  
DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**SCHEDULE OF REVENUE BY PAYOR SOURCE**

		December 31, 2010
		Private Payer
Routine - regular		
	CS Nursing - Level 1	\$ 33,575
	CS Nursing - Level 2	17,600
	CS Nursing - Level 3	26,425
	Total Routine	77,600
	Outpatient	45
	Home care/field duty nursing	630
	Supplies	27
	Less: benevolence granted	(31,970)
	Patient revenue	\$ 46,332
		December 31, 2009
		Private Payer
Routine - regular		
	CS Nursing-Level 1	\$ 21,675
	CS Nursing-Level 2	85,910
	CS Nursing-Level 3	168,999
	Total Routine	276,584
	Outpatient	90
	Home care/field duty nursing	2,762
	Supplies	829
	Gross patient revenue	280,265
	Contractual allowance	(33,154)
	Net patient revenue	\$ 247,111

**DESERT VIEW  
SUPPLEMENTARY DATA  
DECEMBER 31, 2010 (REVIEWED) AND 2009 (AUDITED)**

**SCHEDULE OF CONTRIBUTIONS**

	December 31, 2010		
	General	Benevolence	Total
Donations-			
Private	\$ 42,871	\$ 650	\$ 43,521
Church	6,695	3,800	10,495
Total	<u>49,566</u>	<u>4,450</u>	<u>54,016</u>
Bequests	<u>79,044</u>	-	<u>79,044</u>
Total contributions	<u>\$128,610</u>	<u>\$ 4,450</u>	<u>\$ 133,060</u>
	December 31, 2009		
	General	Benevolence	Total
Donations-			
Private	\$ 42,989	\$ 1,050	\$ 44,039
Church	25,565	6,200	31,765
Other	5,245		5,245
Total	<u>73,799</u>	<u>7,250</u>	<u>81,049</u>
Grants	3,000	-	3,000
Bequests	<u>67,353</u>	-	<u>67,353</u>
Total contributions	<u>\$144,152</u>	<u>\$ 7,250</u>	<u>\$ 151,402</u>