

REPORT TO THE CITY COUNCIL



DATE: June 8, 2020

TITLE: Resolution to Wind Down and Dissolve the Desert Hot Springs Health And Wellness Foundation.

Prepared by: Jennifer Mizrahi, General Counsel

RECOMMENDATION

Adopt a Resolution winding down and dissolution of the Desert Hot Springs Health and Wellness Foundation (the “HWF”) and that the Board of Directors be authorized to take all steps necessary to complete the process.

BACKGROUND

The Desert Hot Springs Health and Wellness Foundation (the “HWF”) is a nonprofit corporation organized under Section 501(c)(3) of the U.S. Internal Revenue Code. Having fulfilled the purpose for which it was created, the HWF is no longer active and has no assets. There is no need to maintain the corporation or its directors.

DISCUSSION

Because the HWF has no assets, dissolution involves a three-step process. First, the Board of Directors for the HWF must meet and vote to wind up and dissolve the corporation.

Once the Board has voted to wind up and dissolve and passed a resolution on that topic, the HWF must provide information to the Office of the California Attorney General informing it of the intention to dissolve. This notice requires the HWF to inform the Attorney General that it has no assets and to provide the last three tax form 990s filed. This step is expected to be perfunctory, given that there are no issues relating to the transfer of assets about which the Attorney General to be concerned. The Attorney General will then issue a letter after review of the request and it is expected the dissolution will be approved.

After receipt of the letter of approval from the Attorney General, the HWF will submit the required forms along with the Attorney General’s letter and a financial report showing zero assets to the Secretary of State. The Secretary of State will then officially dissolve the corporation.

FISCAL IMPACT

The HWF has no assets. City staff time and required insurance will amount to some savings for the City, but not the Board.

EXHIBIT:

- 1) Resolution