

School-Based Health Alliance

Financial Statements
September 30, 2020 and 2019



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

SCHOOL-BASED HEALTH ALLIANCE

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
School-Based Health Alliance
Washington, D.C.**

Report on Financial Statements

We have audited the accompanying financial statements of School-Based Health Alliance (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School-Based Health Alliance 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 U.S. generally accepted accounting principles.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance")*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated April 12, 2021, on our consideration of School-Based Health Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School-Based Health Alliance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering School-Based Health Alliance's internal control over financial reporting and compliance.

BBD, LLP.

Philadelphia, Pennsylvania
April 12, 2021

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF FINANCIAL POSITION

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,081,859	\$ 1,138,370
Accounts receivable		
Government grants	353,909	347,703
Other	66,550	33,650
Prepaid expenses and other assets	9,881	3,056
Investments	<u>1,092,785</u>	<u>1,545,503</u>
Total assets	<u>\$ 2,604,984</u>	<u>\$ 3,068,282</u>
LIABILITIES		
Loans payable - US Small Business Administration		
Economic Injury Disaster Loan Program	\$ 100,000	\$ -
Paycheck Protection Program	323,725	-
Accounts payable	311,238	204,839
Accrued payroll	139,373	56,793
Deferred revenue	-	20,000
Deferred rent	<u>77,337</u>	<u>89,072</u>
Total liabilities	<u>951,673</u>	<u>370,704</u>
NET ASSETS		
Without donor restrictions		
Operating	1,047,921	1,665,999
Board designated	<u>400,000</u>	<u>400,000</u>
	1,447,921	2,065,999
With donor restrictions	<u>205,390</u>	<u>631,579</u>
Total net assets	<u>1,653,311</u>	<u>2,697,578</u>
Total liabilities and net assets	<u>\$ 2,604,984</u>	<u>\$ 3,068,282</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF ACTIVITIES

Years ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government grants	\$ 1,339,030	\$ -	\$ 1,339,030	\$ 1,357,992	\$ -	\$ 1,357,992
Contributions						
Foundation awards	134,558	391,250	525,808	-	1,020,800	1,020,800
Other	29,354	-	29,354	14,785	-	14,785
Annual conference	1,350	-	1,350	587,798	-	587,798
Membership dues	41,155	-	41,155	91,620	-	91,620
Contract services	236,005	-	236,005	308,266	-	308,266
Investment income (loss)	(47,777)	-	(47,777)	36,110	-	36,110
Net assets released from restrictions	817,439	(817,439)	-	797,067	(797,067)	-
Total revenue and support	<u>2,551,114</u>	<u>(426,189)</u>	<u>2,124,925</u>	<u>3,193,638</u>	<u>223,733</u>	<u>3,417,371</u>
EXPENSES						
Program services	2,227,826	-	2,227,826	2,566,289	-	2,566,289
Supporting services						
Management and general	937,083	-	937,083	607,234	-	607,234
Fundraising	4,283	-	4,283	5,280	-	5,280
Total expenses	<u>3,169,192</u>	<u>-</u>	<u>3,169,192</u>	<u>3,178,803</u>	<u>-</u>	<u>3,178,803</u>
CHANGE IN NET ASSETS	(618,078)	(426,189)	(1,044,267)	14,835	223,733	238,568
NET ASSETS						
Beginning of year	<u>2,065,999</u>	<u>631,579</u>	<u>2,697,578</u>	<u>2,051,164</u>	<u>407,846</u>	<u>2,459,010</u>
End of year	<u>\$ 1,447,921</u>	<u>\$ 205,390</u>	<u>\$ 1,653,311</u>	<u>\$ 2,065,999</u>	<u>\$ 631,579</u>	<u>\$ 2,697,578</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended September 30, 2020 and 2019

	2020				2019			
	Program Services	Supporting Services		Totals	Program Services	Supporting Services		Totals
		Management and General	Fundraising			Management and General	Fundraising	
Salaries	\$ 1,031,411	\$ 448,193	\$ 507	\$ 1,480,111	\$ 963,826	\$ 283,518	\$ -	\$ 1,247,344
Employee benefits	276,597	129,075	113	405,785	268,271	75,993	-	344,264
Payroll taxes	77,539	34,396	38	111,973	70,313	24,873	-	95,186
Rent	114,459	45,805	-	160,264	132,522	30,902	-	163,424
Printing and reproduction	55	264	-	319	6,901	9,160	50	16,111
Consulting fees	175,484	115,952	3,600	295,036	221,547	48,825	5,100	275,472
Subcontracts	429,552	-	-	429,552	373,568	-	-	373,568
Travel	34,354	28,191	-	62,545	184,310	35,763	-	220,073
Licenses, fees and insurance	11,290	38,907	-	50,197	4,870	12,360	-	17,230
Telephone	15,923	8,622	-	24,545	12,026	2,810	-	14,836
Supplies	25,406	14,016	-	39,422	44,265	10,731	-	54,996
Repairs and maintenance	19,369	41,408	-	60,777	25,075	24,200	-	49,275
Meetings	15,853	8,834	-	24,687	255,307	8,383	-	263,690
Postage	534	433	25	992	3,488	5,468	130	9,086
Auditing and accounting	-	20,200	-	20,200	-	19,000	-	19,000
Bank and credit card fees	-	2,787	-	2,787	-	15,248	-	15,248
Total expenses	\$ 2,227,826	\$ 937,083	\$ 4,283	\$ 3,169,192	\$ 2,566,289	\$ 607,234	\$ 5,280	\$ 3,178,803

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF CASH FLOWS

Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (1,044,267)	\$ 238,568
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Realized and unrealized loss on investments	76,278	10,946
(Increase) decrease in		
Accounts receivable	(39,106)	46,073
Prepaid expenses and other assets	(6,825)	14,515
Increase (decrease) in		
Accounts payable	106,399	96,229
Accrued payroll	82,580	7,855
Deferred revenue	(20,000)	(14,965)
Deferred rent	(11,735)	(7,592)
Net cash provided by (used for) operating activities	<u>(856,676)</u>	<u>391,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,604,821	201,923
Purchase of investments	<u>(1,228,381)</u>	<u>(44,112)</u>
Net cash provided by investing activities	<u>376,440</u>	<u>157,811</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	<u>423,725</u>	<u>-</u>
Net change in cash	(56,511)	549,440
CASH		
Beginning of year	<u>1,138,370</u>	<u>588,930</u>
End of year	<u>\$ 1,081,859</u>	<u>\$ 1,138,370</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

(1) NATURE OF OPERATIONS

The School-Based Health Alliance (the "**Alliance**") was incorporated in 1995 in Virginia to promote and assure quality primary health care for America's children and youth through interdisciplinary and collaborative efforts. The Alliance supports institutionalization of school-based health care nationwide to improve children's lives and opportunities for success in school and society. The Alliance supports its individual and organizational members by providing community, state and national advocacy, information and knowledge exchange, networking opportunities and technical assistance.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

The Alliance reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

Board designated net assets consist of amounts designated by the Board of Directors for operating reserves.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Alliance and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Alliance to expend the income generated in accordance with the provisions of the contribution. The Alliance did not have this type of net assets with donor restrictions at September 30, 2020 and 2019.

Estimates

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

Fair Value Measurements of Assets and Liabilities

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Alliance. Unobservable inputs reflect the Alliance's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

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Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Alliance has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Alliance's own assumptions.

Investments and Investment Income

Investments in debt and equity securities are recorded at their fair value as determined by quoted market prices.

The Alliance invests in a professionally managed portfolio that contains various types of securities (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Donated Services

Individuals volunteer their time and perform a variety of tasks that assist the Alliance with specific programs. The value of these donated services is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Revenue Recognition

The Alliance recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Consequently, at September 30, 2020, contributions approximating \$2,476,000, have not been recognized in the accompanying statement of activities because the conditions on which they depend has not yet been met.

A portion of the Alliance's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Alliance has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Annual conference income is based on published fixed rates and collected either at the time of registration, in advance of the conference resulting in a deferred revenue balance or at the time the conference takes place and immediately recognized as revenue. No annual conference was held in 2020. The 2021 annual conference will be held virtually.

Contract services are recognized when the performance obligation of providing the contract services have been completed.

Membership Dues

Membership dues are based on published fixed rates and are recorded as contributions.

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

Deferred Rent

The Alliance has recognized a liability for deferred rent in connection with the operating lease for its operating facility. The liability represents the excess of rental expense recorded on a straight-line basis over the lease term as required by GAAP over the actual rental payments made to the lessor.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated included administrative salaries, employee benefits and payroll taxes which were allocated based on estimates of time and effort.

Income Tax Status

The Alliance is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Alliance believes that it had no uncertain tax positions as defined in the standard.

Concentration of Credit Risk

Financial instruments which subject the Alliance to concentrations of credit risk consist primarily of cash and accounts receivable. The Alliance maintains cash deposits at various banks and at times these may exceed federally-insured limits. Management performs ongoing evaluations of receivables for potential credit losses. Collateral is not required.

Accounting Pronouncements Adopted

In May 2014, the Financial Accounting Standards Board ("**FASB**") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Alliance adopted ASU 2014-09 on October 1, 2019 using the modified retrospective method approach.

The Alliance performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total revenues without donor restrictions, excess of revenues and gains over expenses and losses, or total net assets. The Alliance's revenue recognition policies are detailed within Note 2.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. The Alliance adopted ASU 2018-08 on October 1, 2019. The adoption of this standard did not have a material impact on the Alliance.

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

(3) INVESTMENTS

Investments consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 30,399	\$ 275,887
Certificates of deposit	1,062,386	250,828
Fixed income mutual funds	-	1,018,788
	<u>\$1,092,785</u>	<u>\$1,545,503</u>

Investment income (loss) was comprised of the following for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 28,501	\$ 47,056
Net realized and unrealized loss	<u>(76,278)</u>	<u>(10,946)</u>
	<u>\$ (47,777)</u>	<u>\$ 36,110</u>

Investments are measured at fair value using Level 1 (quoted prices in active markets) valuation inputs, except for certificates of deposit which are measured using level 2 valuation inputs.

(4) GRANTS RECEIVABLE

Grants receivable consisted of the following at September 30:

<u>Program Title</u>	<u>2020</u>	<u>2019</u>
HRSA – Maternal and Child Health Federal Consolidated Programs	\$281,270	\$284,490
HRSA – Technical and Non-Financial Assistance to Health Centers	25,538	63,213
DHHS – Drug Abuse and Addiction Research Program (Pass-through Yale University)	29,592	-
DHHS – Family Planning Service Delivery Improvement Research Grants (Pass-through Child Trends Inc.)	<u>17,509</u>	<u>-</u>
	<u>\$353,909</u>	<u>\$347,703</u>

(5) LOAN PAYABLE – ECONOMIC INJURY DISASTER LOAN

In June 2020, the Alliance received an unsecured loan in the amount of \$100,000 from the Small Business Administration under the economic injury loan program. Pursuant to the terms of the agreement, monthly payments of principal and interest in the amount of \$428 will be begin on June 18, 2021 and be due payable each month through May 2050. The loan bears interest at a rate of 2.75% per annum.

The loan payable matures as follows:

<u>Years ending June 30,</u>	
2021	\$ -
2022	2,367
2023	2,433
2024	2,501
2025	2,570
Thereafter	<u>90,129</u>
	<u>\$100,000</u>

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

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(6) LOAN PAYABLE - PAYCHECK PROTECTION PROGRAM

In May 2020, the Alliance received loan proceeds in the amount of \$323,725 under the Paycheck Protection Program ("**PPP**"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purpose, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period.

To the extent that the Alliance is not granted forgiveness, the Alliance will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date. The terms of the loan provide for customary events of default including payment defaults, breach of representation of warranties and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2020 and 2019 consisted of the following:

	<u>Balance September 30, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance September 30, 2020</u>
Net assets spendable for specific purposes				
To promote adolescent health care	\$110,624	\$ -	\$(110,624)	\$ -
To advance the school-based health care model in select communities by providing leadership training and to build organizational capacity to engage public policy and advocacy work	515,455	380,000	(706,815)	188,640
Linda Juszczak Legacy Fund	<u>5,500</u>	<u>11,250</u>	<u>-</u>	<u>16,750</u>
	<u>\$631,579</u>	<u>\$391,250</u>	<u>\$(817,439)</u>	<u>\$205,390</u>
	<u>Balance September 30, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance September 30, 2019</u>
Net assets spendable for specific purposes				
To promote adolescent health care	\$203,176	\$ 265,800	\$(358,352)	\$110,624
To advance the school-based health care model in select communities by providing leadership training and to build organizational capacity to engage public policy and advocacy work	199,170	755,000	(438,715)	515,455
Linda Juszczak Legacy Fund	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
	<u>\$407,846</u>	<u>\$1,020,800</u>	<u>\$(797,067)</u>	<u>\$631,579</u>

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

(8) OPERATING LEASES

The Alliance leases its administrative office and storage space under non-cancelable operating leases which expire on various dates through October 2026. Rent expense for these facilities was \$160,264 and \$163,424 for 2020 and 2019, respectively.

The office lease which contains rent increases and abatements is being recognized on a straight-line basis over the term of the lease. As a result, the rent paid exceeds the rent expensed by \$9,590 for the year ended September 30, 2020.

In December 2020, the Alliance amended its lease with the landlord. The amended lease reduced the Alliance's office space from 3,603 square feet to 1,538 square feet commencing on February 1, 2021. The amendment calls for a relocation payment of \$175,000. A portion of the relocation payment will be applied to the monthly rent through October 31, 2021. As a result of this amendment to the lease the Alliance will recognize its liability for deferred rent as a reduction in rent expense in 2021.

Future minimum annual lease commitments are as follows:

Year ended September 30,

2021	\$176,661
2022	93,504
2023	87,646
2024	88,671
2025	90,246
Thereafter	<u>99,217</u>
	<u>\$635,945</u>

(9) RETIREMENT PLAN

The Alliance has a 401(k) tax deferred annuity plan covering all eligible employees. The plan allows eligible employees to defer a portion of their compensation, subject to the limitations in the Internal Revenue Code. The Alliance makes a 3% contribution on behalf of all eligible employees and a matching contribution to the plan up to 5% of the eligible employees' elective deferrals. The Alliance's contributions to the plan were \$104,555 and \$93,366 for 2020 and 2019, respectively.

(10) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Alliance's financial assets as of the statements of financial position date, which has been reduced by financial assets not available for general expenditures within one year.

	<u>2020</u>	<u>2019</u>
Cash	\$1,081,859	\$1,138,370
Accounts receivable	420,459	381,353
Investments	<u>1,092,785</u>	<u>1,545,503</u>
Total financial assets	2,595,103	3,065,226
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purposes or periods	(205,390)	(631,579)
Designated by Board of Directors as an operating reserve	<u>(400,000)</u>	<u>(400,000)</u>
Total financial assets available within one year	<u>\$1,989,713</u>	<u>\$2,033,647</u>

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

Liquidity Management

The Alliance regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Alliance has various sources of liquidity at its disposal, including cash, money market funds, fixed income mutual funds and certificates of deposit.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 12, 2021, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on Center operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time.

Except as disclosed in Note 8 and above, no other material subsequent events have occurred since September 30, 2020 that required recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

SCHOOL-BASED HEALTH ALLIANCE**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended September 30, 2020

<u>Federal Grantor Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Small Business Administration</u>			
Disaster Assistance Loans	59.008	\$ <u>100,000</u>	\$ <u>-</u>
<u>Department of Health and Human Services</u>			
Health Resources and Services Administration			
Maternal and Child Health Federal Consolidated Programs	93.110	878,258	367,302
Technical and Non-Financial Assistance to Health Centers	93.129	460,772	-
Pass-Through Yale University			
Drug Abuse and Addiction Research Programs	93.279	80,000	-
Pass-Through Child Trends, Inc.			
Family Planning Service Delivery Improvement Research Grants	93.974	<u>64,734</u>	<u>-</u>
Total U.S. Department of Health and Human Services		<u>1,483,764</u>	<u>367,302</u>
Total Expenditures of Federal Awards		<u>\$1,583,764</u>	<u>\$367,302</u>

See notes to schedule of expenditures of federal awards

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2020

(1) GENERAL INFORMATION

The accompanying schedule of expenditures of federal awards presents the activities in all the federal award programs of School-Based Health Alliance (the "**Alliance**"). All financial assistance received directly from federal agencies, as well as financial awards passed through other governmental and nonprofit agencies, are presented on the schedule of expenditures of federal awards. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("**Uniform Guidance**"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

(3) INDIRECT COSTS

The Alliance has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance. Indirect costs included in the schedule of expenditures of federal awards are charged to the federal government based on an approved indirect cost rate agreement (24.45% for 2020). This agreement allows the Alliance to charge indirect costs based on the amount of direct charges incurred for the award, less any participant support costs, capital expenditures and the amount of subawards in excess of \$25,000. The amount charged on federal awards for indirect costs may differ from amounts allocated between program services and supporting services on the statements of activities and statements of functional expenses.

(4) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards expenditures are reported on the statement of activities and functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal awards.

(5) LOAN OUTSTANDING

The Alliance had the following loan balance outstanding at September 30, 2020 which is reflected on the Statements of Financial Position. The loan balance included in the federal expenditures presented in the schedule of expenditures of federal awards is as of June 1, 2020 when it was received.

<u>Program Title</u>	<u>CFDA #</u>	<u>Federal Amount Outstanding September 30, 2020</u>
Disaster Assistance Loans	59.008	\$100,000

SCHOOL-BASED HEALTH ALLIANCE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2020

There were no audit findings for the year ended September 30, 2019.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
School-Based Health Alliance
Washington, D.C.

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States, the financial statements of School-Based Health Alliance (the "**Alliance**") (a non-profit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alliance's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BBD, LLP.

Philadelphia, Pennsylvania
April 12, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Board of Directors
School-Based Health Alliance
Washington, D.C.**

Report on Compliance for Major Federal Program

We have audited School-Based Health Alliance's (the "**Alliance**") compliance with the types of compliance requirements described in the **OMB Compliance Supplement** that could have a direct and material effect on the Alliance's major federal program for the year ended September 30, 2020. The Alliance's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Alliance's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("**CFR**") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "**Uniform Guidance**"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Alliance's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Alliance's compliance.

Opinion on Major Federal Program

In our opinion, the Alliance complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Alliance is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Alliance's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Alliance's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BBD, LLP.

Philadelphia, Pennsylvania
April 12, 2021

SCHOOL-BASED HEALTH ALLIANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the School-Based Health Alliance were presented in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the School-Based Health Alliance were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The program tested as a major program was:
 - U.S. Department of Health and Human Services
 - Maternal and Child Health Federal Consolidated Programs – CFDA Number 93.110
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The School-Based Health Alliance did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None