

School-Based Health Alliance

Financial Statements
September 30, 2022 and 2021



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SCHOOL-BASED HEALTH ALLIANCE

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of School-Based Health Alliance as of September 30, 2022 and 2021 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of School-Based Health Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about School-Based Health Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and ***Government Auditing Standards*** will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and **Government Auditing Standards**, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of School-Based Health Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about School-Based Health Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 schedule of expenditures of federal awards 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 May 8, 2023, 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.

BBO, LLP.

Philadelphia, Pennsylvania
May 8, 2023

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF FINANCIAL POSITION

September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 502,927	\$ 1,215,641
Accounts receivable		
Government grants	189,031	403,996
Employee retention credit	181,241	-
Contributions	300,000	-
Other	57,469	148,578
Prepaid expenses and other assets	17,905	38,864
Investments	<u>1,078,606</u>	<u>1,093,422</u>
Total assets	<u>\$ 2,327,179</u>	<u>\$ 2,900,501</u>
LIABILITIES		
Loans payable - US Small Business Administration		
Economic Injury Disaster Loan Program	\$ 97,497	100,000
Paycheck Protection Program	-	323,722
Accounts payable	128,008	325,629
Accrued payroll	167,973	167,449
Deferred revenue	<u>-</u>	<u>40,000</u>
Total liabilities	<u>393,478</u>	<u>956,800</u>
NET ASSETS		
Without donor restrictions		
Operating	1,059,501	942,875
Board designated	<u>400,000</u>	<u>400,000</u>
	1,459,501	1,342,875
With donor restrictions	<u>474,200</u>	<u>600,826</u>
Total net assets	<u>1,933,701</u>	<u>1,943,701</u>
Total liabilities and net assets	<u>\$ 2,327,179</u>	<u>\$ 2,900,501</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF ACTIVITIES

Years ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government grants	\$ 1,909,772	\$ -	\$ 1,909,772	\$ 1,582,160	\$ -	\$ 1,582,160
Contributions						
Foundation awards	246,227	300,000	546,227	177,184	937,500	1,114,684
Other	1,454	-	1,454	5,779	-	5,779
Annual conference	93,058	-	93,058	11,999	-	11,999
Membership dues	-	-	-	7,385	-	7,385
Contract services	689,251	-	689,251	304,206	-	304,206
Investment income (loss)	(14,553)	-	(14,553)	1,335	-	1,335
Forgiveness of loan - Paycheck Protection Program	323,722	-	323,722	323,725	-	323,725
Net assets released from restrictions	426,626	(426,626)	-	542,064	(542,064)	-
Total revenue and support	<u>3,675,557</u>	<u>(126,626)</u>	<u>3,548,931</u>	<u>2,955,837</u>	<u>395,436</u>	<u>3,351,273</u>
EXPENSES						
Program services	2,522,130	-	2,522,130	2,093,673	-	2,093,673
Supporting services						
Management and general	996,058	-	996,058	959,199	-	959,199
Fundraising	40,743	-	40,743	8,011	-	8,011
Total expenses	<u>3,558,931</u>	<u>-</u>	<u>3,558,931</u>	<u>3,060,883</u>	<u>-</u>	<u>3,060,883</u>
CHANGE IN NET ASSETS	116,626	(126,626)	(10,000)	(105,046)	395,436	290,390
NET ASSETS						
Beginning of year	<u>1,342,875</u>	<u>600,826</u>	<u>1,943,701</u>	<u>1,447,921</u>	<u>205,390</u>	<u>1,653,311</u>
End of year	<u>\$ 1,459,501</u>	<u>\$ 474,200</u>	<u>\$ 1,933,701</u>	<u>\$ 1,342,875</u>	<u>\$ 600,826</u>	<u>\$ 1,943,701</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended September 30, 2022 and 2021

	2022				2021			
	Program Services	Supporting Services Management and General	Fundraising	Totals	Program Services	Supporting Services Management and General	Fundraising	Totals
Salaries	\$ 1,262,367	\$ 519,881	\$ -	\$ 1,782,248	\$ 942,693	\$ 498,182	\$ -	\$ 1,440,875
Employee benefits	282,065	98,526	-	380,591	232,070	121,718	-	353,788
Payroll taxes	93,872	41,142	-	135,014	70,806	43,750	-	114,556
Rent	38,651	49,625	-	88,276	60,497	22,471	-	82,968
Consulting fees	284,582	110,074	40,000	434,656	294,229	167,098	8,000	469,327
Subcontracts	479,254	-	-	479,254	405,360	-	-	405,360
Travel	14,198	6,887	-	21,085	269	911	-	1,180
Licenses, fees and insurance	18,392	18,421	225	37,038	6,165	21,358	-	27,523
Telephone	9,714	17,884	-	27,598	25,715	12,630	-	38,345
Supplies	8,027	38,343	411	46,781	26,222	6,405	-	32,627
Repairs and maintenance	2,500	65,481	-	67,981	23,669	29,373	-	53,042
Meetings	28,267	3,274	-	31,541	5,978	9,047	-	15,025
Postage	238	343	107	688	-	358	11	369
Auditing and accounting	-	21,400	-	21,400	-	20,800	-	20,800
Bank and credit card fees	3	4,777	-	4,780	-	5,098	-	5,098
Total expenses	\$ 2,522,130	\$ 996,058	\$ 40,743	\$ 3,558,931	\$ 2,093,673	\$ 959,199	\$ 8,011	\$ 3,060,883

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF CASH FLOWS

Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (10,000)	\$ 290,390
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Realized and unrealized loss on investments	16,602	12,218
Forgiveness of loan payable - Paycheck Protection Program	(323,722)	(323,725)
(Increase) decrease in		
Accounts receivable	(175,167)	(132,115)
Prepaid expenses and other assets	20,959	(28,983)
Increase (decrease) in		
Accounts payable	(197,621)	14,391
Accrued payroll	524	28,076
Deferred revenue	(40,000)	40,000
Deferred rent	-	(77,337)
Net cash used for operating activities	<u>(708,425)</u>	<u>(177,085)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,400,000	650,000
Purchase of investments	<u>(1,401,786)</u>	<u>(662,855)</u>
Net cash used for investing activities	<u>(1,786)</u>	<u>(12,855)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loan payable	<u>(2,503)</u>	<u>323,722</u>
Net change in cash	(712,714)	133,782
CASH		
Beginning of year	<u>1,215,641</u>	<u>1,081,859</u>
End of year	<u>\$ 502,927</u>	<u>\$ 1,215,641</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

(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 statements 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, 2022 and 2021.

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:

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

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.

Accounts Receivable

Accounts receivable from government grants and other customers generally represent amounts due under terms of grants and contracts, for expenditures incurred or services provided prior to year-end and are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with governmental agencies and other customers having outstanding balances and current relationships with them, it has concluded that the allowance for doubtful accounts at September 30, 2022 and 2021 is adequate. The Alliance does not charge interest on outstanding balances.

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, 2022, contributions approximating \$1,343,000, have not been recognized in the accompanying statement of activities because the conditions on which they depend have 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 statements of financial position.

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

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. The 2021 annual conference was cancelled by the Alliance.

Revenue from contract services are recognized when the related performance obligation has been completed.

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. Accounts receivable are expected to be collected in 2023 and collateral is not required.

(3) INVESTMENTS

Investments consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 93,920	\$ 690,821
Certificates of deposit	<u>984,686</u>	<u>402,601</u>
	<u>\$1,078,606</u>	<u>\$1,093,422</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 2,049	\$ 13,553
Net realized and unrealized loss	<u>(16,602)</u>	<u>(12,218)</u>
	<u>\$ (14,553)</u>	<u>\$ 1,335</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.

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

(4) GOVERNMENT GRANTS RECEIVABLE

Grants receivable consisted of the following at September 30:

<u>Program Title</u>	<u>2022</u>	<u>2021</u>
HRSA – Maternal and Child Health Federal Consolidated Programs	\$125,145	\$333,906
HRSA – Technical and Non-Financial Assistance to Health Centers	40,821	40,807
DHHS – Delaware SBHC Data Interoperability and Sharing Cooperative	14,301	-
DHHS – Substance Abuse and Mental Health Services Projects of Regional and nation Significance (Pass-through National Council for Mental Wellbeing)	-	1,043
DHHS – Drug Abuse and Addiction Research Program (Pass-through Yale University)	3,100	23,946
DHHS – Family Planning Service Delivery Improvement Research Grants (Pass-through Child Trends Inc.)	<u>5,664</u>	<u>4,294</u>
	<u>\$189,031</u>	<u>\$403,996</u>

(5) LOAN PAYABLE – ECONOMIC INJURY DISASTER LOAN

In June 2020, the Alliance received a loan secured by all tangible and intangible property of the Alliance 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 began on June 18, 2021 and are 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 September 30,</u>	
2023	\$ 2,433
2024	2,501
2025	2,570
2026	2,642
2027	2,715
Thereafter	<u>84,636</u>
	<u>\$97,497</u>

(6) LOAN PAYABLE - PAYCHECK PROTECTION PROGRAM

In May 2020, the Alliance received a \$323,725 loan under the Paycheck Protection Program established as by the Coronavirus Aid, Relief and Economic Security Act in March 2020 and administered by the Small Business Administration. The loan was fully forgiven by the Small Business Administration in April 2021 and was recognized as a gain in the 2021 statement of activities.

In February 2021, the Alliance received a second loan of \$323,722 under the Paycheck Protection Program. The loan was fully forgiven by the Small Business Administration in December 2021 and was recognized as a gain in the 2022 statement of activities.

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2022 and 2021 consisted of the following:

	<u>Balance September 30, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance September 30, 2022</u>
Net assets spendable for specific purposes				
To promote adolescent healthcare	\$ -	\$300,000	\$ -	\$300,000
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	584,076	-	(421,126)	162,950
Linda Juszczak Legacy Fund	<u>16,750</u>	<u>-</u>	<u>(5,500)</u>	<u>11,250</u>
	<u>\$600,826</u>	<u>\$300,000</u>	<u>\$(426,626)</u>	<u>\$474,200</u>
	<u>Balance September 30, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance September 30, 2021</u>
Net assets spendable for specific purposes				
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	\$188,640	\$937,500	\$(542,064)	\$584,076
Linda Juszczak Legacy Fund	<u>16,750</u>	<u>-</u>	<u>-</u>	<u>16,750</u>
	<u>\$205,390</u>	<u>\$937,500</u>	<u>\$(542,064)</u>	<u>\$600,826</u>

(8) OPERATING LEASE

In 2017, the Alliance entered into a lease for its administrative office under a non-cancelable operating lease which expired in April 2024. In December 2020, the Alliance amended this lease with the landlord. The amended lease reduced the Alliance's office space from 3,603 rentable square feet to 1,538 rentable square feet commencing on February 1, 2021. The amendment called for a relocation payment of \$175,000. A portion of the relocation payment was applied to the monthly rent through October 31, 2021. The amended lease was scheduled to expire in October 2026. In April 2023, the Alliance entered into an early termination agreement to terminate the lease in October 2023. Rent expense for its administrative office was \$88,276 and \$82,968 for 2022 and 2021, respectively.

Future minimum annual lease commitments are as follows:

Years ending September 30,

2023	\$84,955
2024	<u>7,094</u>
	<u>\$92,049</u>

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

(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 \$115,509 and \$109,464 for 2022 and 2021, 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>2022</u>	<u>2021</u>
Cash	\$ 502,927	\$1,215,641
Accounts receivable	727,741	552,574
Investments	<u>1,078,606</u>	<u>1,093,422</u>
Total financial assets	2,309,274	2,861,637
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purposes or periods	(474,200)	(600,826)
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>\$1,435,074</u>	<u>\$1,860,811</u>

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 and certificates of deposit.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 8, 2023, the date on which the financial statements were available to be issued. Except as disclosed in Note 8, no other material subsequent events have occurred since September 30, 2022 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, 2022

<u>Federal Grantor Program Title</u>	<u>Federal Assistance Listings Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Small Business Administration</u>			
Disaster Assistance Loans	59.008	\$ 100,000	\$ -
<u>Department of Health and Human Services</u>			
Health Resources and Services Administration			
Maternal and Child Health Federal Consolidated Programs	93.110	833,118	375,754
Technical and Non-Financial Assistance to Health Centers	93.129	583,693	-
American Rescue Plan Act - Technical and Non-Financial Assistance to Health Centers	93.129	94,617	-
		678,310	-
Social Services Research and Demonstration	93.647	217,102	103,500
Pass-through the National Council for Mental Wellbeing			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	23,957	-
Pass-through Yale University			
Drug Abuse and Addiction Research Programs	93.279	93,679	-
Pass-through Child Trends, Inc.			
Family Planning Service Delivery Improvement Research Grants	93.974	78,775	-
Total under Research and Development Programs Cluster		172,454	-
Total U.S. Department of Health and Human Services		1,924,941	479,254
Total Expenditures of Federal Awards		\$ 2,024,941	\$ 479,254

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, 2022

(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) BASIS OF ACCOUNTING

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 (23.10% for 2022). 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 statements of activities and functional expenses. 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) LOANS PAYABLE

Loans payable on the schedule of expenditures of federal awards are reported at their balances as of the beginning of the year. The Alliance has a loan payable balance outstanding at September 30, 2022 of \$97,497.

SCHOOL-BASED HEALTH ALLIANCE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2022

There were no audit findings for the year ended September 30, 2021.



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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 8, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

BBO, LLP.

Philadelphia, Pennsylvania

May 8, 2023



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 Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School-Based Health Alliance's (the "***Alliance***") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Alliance and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Alliance's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Alliance's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Alliance's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Alliance's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Alliance's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Alliance's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Alliance's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

BBO, LLP.

Philadelphia, Pennsylvania
May 8, 2023

SCHOOL-BASED HEALTH ALLIANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2022

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of 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 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.
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 – ALN 93.110
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. 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