

SCHOOL-BASED HEALTH ALLIANCE
Financial Statements
September 30, 2024
With Independent Auditor's Reports

School-Based Health Alliance
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September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
School-Based Health Alliance:

Opinion

We have audited the financial statements of School-Based Health Alliance (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of School-Based Health Alliance as of September 30, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 GAAS 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 GAAS 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.

Report on Summarized Comparative Information

The financial statements of School-Based Health Alliance as of and for the year ended September 30, 2023, were audited by BBD, LLP, who joined with WithumSmith+Brown, PC on April 1, 2024, and expressed an unmodified audit opinion on those statements in their report dated June 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 GAAS. 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 June 26, 2025, 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.

Withum Smith & Brown, PC

June 26, 2025

School-Based Health Alliance
Statement of Financial Position
September 30, 2024 (with Summarized Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 3,157,194	\$ 3,118,258
Accounts receivable	85,079	32,047
Grants and contributions receivable	9,661,952	421,742
Prepaid expenses and other assets	-	10,983
Investments	<u>10,208,826</u>	<u>1,003,447</u>
 Total assets	 <u>\$ 23,113,051</u>	 <u>\$ 4,586,477</u>
 Liabilities and Net Assets		
 Liabilities		
Loan payable - Economic Injury Disaster Loan Program	\$ 49,497	\$ 73,497
Accounts payable and accrued expenses	1,225,022	340,457
Refundable advances	<u>724,922</u>	<u>2,553,921</u>
Total liabilities	<u>1,999,441</u>	<u>2,967,875</u>
 Net assets		
Without donor restrictions		
Undesignated	6,516,692	744,966
Board designated	<u>400,000</u>	<u>400,000</u>
	6,916,692	1,144,966
With donor restrictions	<u>14,196,918</u>	<u>473,636</u>
Total net assets	<u>21,113,610</u>	<u>1,618,602</u>
 Total liabilities and net assets	 <u>\$ 23,113,051</u>	 <u>\$ 4,586,477</u>

The Notes to Financial Statements are an integral part of this statement.

School-Based Health Alliance
Statement of Activities
Year Ended September 30, 2024 (with Summarized Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
Revenue and support				
Grants and contributions	\$ 17,840,524	\$ 16,225,000	\$ 34,065,524	\$ 6,886,404
Annual conference	402,659	-	402,659	348,675
Contract services	283,260	-	283,260	366,158
Investment income	420,987	93,079	514,066	18,944
Net assets released from restrictions	<u>2,594,797</u>	<u>(2,594,797)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>21,542,227</u>	<u>13,723,282</u>	<u>35,265,509</u>	<u>7,620,181</u>
Expenses				
Program services	13,471,611	-	13,471,611	6,878,643
Supporting services				
Management and general	2,217,376	-	2,217,376	1,036,637
Fundraising	<u>81,514</u>	<u>-</u>	<u>81,514</u>	<u>20,000</u>
Total expenses	<u>15,770,501</u>	<u>-</u>	<u>15,770,501</u>	<u>7,935,280</u>
Change in net assets	5,771,726	13,723,282	19,495,008	(315,099)
Net assets				
Beginning of year	<u>1,144,966</u>	<u>473,636</u>	<u>1,618,602</u>	<u>1,933,701</u>
End of year	<u>\$ 6,916,692</u>	<u>\$ 14,196,918</u>	<u>\$ 21,113,610</u>	<u>\$ 1,618,602</u>

The Notes to Financial Statements are an integral part of this statement.

School-Based Health Alliance
Statement of Functional Expenses
Year Ended September 30, 2024 (with Summarized Comparative Totals for 2023)

		Supporting Services				
	Program Services	Management and General	Fundraising	2024	2023	
Salaries	\$ 1,854,311	\$ 1,150,828	\$ 70,750	\$ 3,075,889	\$ 2,252,935	
Employee benefits	385,981	187,136	5,680	578,797	481,613	
Payroll taxes	137,346	93,002	5,084	235,432	170,106	
Bank and credit card fees	8,967	2,570	-	11,537	10,653	
Consulting fees	1,334,889	348,798	-	1,683,687	986,055	
Licenses, fees and insurance	-	42,526	-	42,526	37,321	
Meetings	340,223	19,098	-	359,321	83,991	
Miscellaneous	13,563	2,648	-	16,211	537	
Professional fees	-	23,500	-	23,500	22,400	
Rent	-	8,759	-	8,759	84,955	
Software, hardware and equipment	-	111,415	-	111,415	90,233	
Subcontracts	9,218,266	-	-	9,218,266	3,435,086	
Supplies	41,372	46,668	-	88,040	88,243	
Telephone	600	37,061	-	37,661	34,627	
Travel	136,093	143,367	-	279,460	156,525	
Total expenses	\$ 13,471,611	\$ 2,217,376	\$ 81,514	\$ 15,770,501	\$ 7,935,280	

The Notes to Financial Statements are an integral part of this statement.

School-Based Health Alliance
Statement of Cash Flows
Year Ended September 30, 2024 (with Summarized Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ 19,495,008	\$ (315,099)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized loss on investments	(116,823)	13,552
Change in operating assets and liabilities		
Accounts receivable	(53,032)	25,422
Grants and contributions receivable	(9,240,210)	248,530
Prepaid expenses and other assets	10,983	6,922
Accounts payable and accrued expenses	884,565	44,476
Refundable advances	<u>(1,828,999)</u>	<u>2,553,921</u>
Net cash provided by operating activities	<u>9,151,492</u>	<u>2,577,724</u>
Investing activities		
Proceeds from sale of investments	7,072,225	293,872
Purchase of investments	<u>(16,160,781)</u>	<u>(232,265)</u>
Net cash (used in) provided by investing activities	<u>(9,088,556)</u>	<u>61,607</u>
Financing activities		
Repayments of loan payable	<u>(24,000)</u>	<u>(24,000)</u>
Net change in cash	38,936	2,615,331
Cash		
Beginning of year	<u>3,118,258</u>	<u>502,927</u>
End of year	<u><u>\$ 3,157,194</u></u>	<u><u>\$ 3,118,258</u></u>

The Notes to Financial Statements are an integral part of this statement.

School-Based Health Alliance
Notes to Financial Statements
September 30, 2024

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 in accordance with accounting principles generally accepted in the United States of America ("GAAP"). As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Alliance's management and Board. Board designated net assets are included as net assets without donor restrictions.

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

Net assets 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 any net assets with donor restrictions to be maintained indefinitely at September 30, 2024 and 2023.

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. Significant estimates include net realizable value of receivables, the fair value of investments and allocation of functional expenses.

Fair Value Measurements of Assets and Liabilities

GAAP defines 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 developed 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, 2024

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Alliance has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, Inputs other than quoted prices that are observable for the asset or liability and Inputs that are derived principally from observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024 and 2023.

Certificates of Deposit: Valued based on investment managers use of pricing services using market data. These are classified as Level 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Alliance believes its valuation methods are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments and Investment Income

Investments in money market funds and debt and equity securities with readily determinable fair values are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities. Investment income is recorded as earned.

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 represent unsecured noninterest bearing obligations and are carried at original invoice amounts less an estimate made for credit losses based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for credit losses by identifying troubled accounts and performing a historical and future looking analysis. Receivables are written off when deemed uncollectible. There was no allowance for credit losses at June 30, 2024 and 2023. Accounts receivable at June 30, 2024 and June 30, 2023 are expected to be fully collected in 2025 and 2024. Accounts receivable totaled \$32,047 and \$57,469 as of October 1, 2023 and 2022, respectively.

School-Based Health Alliance
Notes to Financial Statements
September 30, 2024

Grants and Contributions Receivable

The Alliance records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Contributions receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. The Organization monitors the collectability of these receivables and an allowance for uncollectable promises to give is recorded based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Organization has determined that no allowance for uncollectible accounts was necessary at June 30, 2024 and 2023.

Contributions of Non-Financial Assets

The Alliance recognizes donated services, if any, that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted grants and contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional grants and contributions are recognized when the related promise to give is received. Conditional grants and contributions, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Amounts received prior to the conditions being substantially met are reported as refundable advances in the statement of financial position, which amounted to \$911,927 and \$2,553,921 at September 30, 2024 and 2023, respectively. The Alliance has been awarded conditional grants of \$9,326,000 and \$509,000 that have not been recognized at September 30, 2024 and 2023, respectively because the conditions (primarily qualifying expenditures) have not yet been satisfied.

Revenue From Contracts with Customers

The Alliance accounts for revenue from contracts with customers as exchange transactions in the statements of activities as revenue without donor restrictions.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Alliance performs the following steps in accordance with Topic 606: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Alliance satisfies each performance obligation.

Contract services is based on contracted rates for services and collected either in advance of the service resulting in a deferred revenue balance or at the time the service is provided and immediately recognized as revenue. Contract services revenue is recognized over time as the services are provided.

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. Annual conference revenues are recognized at the point in time when the conference is conducted.

School-Based Health Alliance
Notes to Financial Statements
September 30, 2024

The Alliance had no contract liabilities as of October 1, 2022 and October 1, 2023.

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.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Alliance's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

Concentration of Credit Risk

The Alliance has significant cash and money market fund balances at financial institutions which throughout the year regularly exceed the amounts insured by either the Federal Deposit Insurance Corporation for up to \$250,000 or the Securities Investor Protection Corporation. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Alliance's financial condition, change in net assets, and cash flows.

Concentration of Revenue and Contributions Receivable

The Alliance received 93% from three funding sources of its total revenue and support for the year ended September 30, 2024. One donor consists of 97% of grants and contributions receivable at September 30, 2024. Any significant reduction in the level of support from these funding sources could have an effect on the Alliance's programs.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

3. INVESTMENTS

Investments consisted of the following at September 30:

	<u>2024</u>	<u>2023</u>
Money market funds (Level 1)	\$ 3,364,180	\$ 232,313
Certificates of deposit (Level 2)	<u>6,844,646</u>	<u>771,134</u>
	<u>\$ 10,208,826</u>	<u>\$ 1,003,447</u>

School-Based Health Alliance
Notes to Financial Statements
September 30, 2024

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

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 397,243	\$ 32,496
Net realized and unrealized gain (loss)	<u>116,823</u>	<u>(13,552)</u>
	<u>\$ 514,066</u>	<u>\$ 18,944</u>

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of September 30, 2024:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 5,061,952	\$ 421,742
Receivable in one to two years	<u>4,600,000</u>	<u>-</u>
Total	<u>\$ 9,661,952</u>	<u>\$ 421,742</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:

2025	\$ 3,242
2026	3,333
2027	3,425
2028	3,521
2029	3,619
Thereafter	<u>32,357</u>
	<u>\$ 49,497</u>

School-Based Health Alliance
Notes to Financial Statements
September 30, 2024

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2024 and 2023 consisted of the following:

	Balance September 30, 2023	Additions	Reductions	Balance September 30, 2024
Net assets spendable for specific purposes				
To promote adolescent healthcare	\$ 327,955	\$ 225,000	\$ (370,987)	\$ 181,968
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	96,181	16,093,079	(2,181,045)	14,008,215
Linda Juszczak Legacy Fund	49,500	-	(42,765)	6,735
	<u>\$ 473,636</u>	<u>\$ 16,318,079</u>	<u>\$ (2,594,797)</u>	<u>\$ 14,196,918</u>
	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023
Net assets spendable for specific purposes				
To promote adolescent healthcare	\$ 300,000	\$ 278,000	\$ (250,045)	\$ 327,955
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	162,950	265,000	(331,769)	96,181
Linda Juszczak Legacy Fund	11,250	40,000	(1,750)	49,500
	<u>\$ 474,200</u>	<u>\$ 583,000</u>	<u>\$ (583,564)</u>	<u>\$ 473,636</u>

7. 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 \$8,759 and \$84,955 for 2024 and 2023, respectively.

School-Based Health Alliance
Notes to Financial Statements
September 30, 2024

8. 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 \$213,237 and \$145,082 for 2024 and 2023, respectively.

9. 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>2024</u>	<u>2023</u>
Cash	\$ 3,157,194	\$ 3,118,258
Accounts receivable	85,079	32,047
Grants and contributions receivable	9,661,952	421,742
Investments	<u>10,208,826</u>	<u>1,003,447</u>
Total financial assets	23,113,051	4,575,494
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purposes or periods	(14,196,918)	(473,636)
Refundable advances	(724,922)	(2,553,921)
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>\$ 7,791,211</u>	<u>\$ 1,147,937</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.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2025, the date on which the financial statements were available to be issued. No material subsequent events have occurred that required recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

School-Based Health Alliance
Schedule of Expenditures of Federal Awards
Years Ended September 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Treasury</u>			
Pass-through the Connecticut Department of Public Health Covid-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 1,475,533	\$ 1,118,666
<u>Department of Health and Human Services</u>			
Pass-through the American Academy of Pediatrics Maternal and Child Health Federal Consolidated Programs	93.110	109,500	-
Direct award - Technical and Non-Financial Assistance to Health Centers	93.129	603,202	-
Pass-through the National Council for Mental Wellbeing Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	73,579	-
Pass-through the Alaska Department of Public Health Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Responses to Public Health or Healthcare Crises	93.391	135,937	37,682
Pass-through the Connecticut Department of Public Health Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	8,229,689	7,909,520
Total U.S. Department of Health and Human Services		9,151,907	7,947,202
Total Expenditures of Federal Awards		\$ 10,627,440	\$ 9,065,868

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

School-Based Health Alliance
Notes to Schedule of Expenditures of Federal Awards
Years Ended September 30, 2024

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") for the year ended September 30, 2024. 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").

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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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% for 2024). 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.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
School-Based Health Alliance:

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), 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, 2024, 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 June 26, 2025.

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 a 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.

WithumSmith+Brown, PC

June 26, 2025

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
School-Based Health Alliance:

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 each of the Alliance's major federal programs for the year ended September 30, 2024. The Alliance's major federal programs are 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 each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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* ("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 GAAS, *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 GAAS, *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 a 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.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

Juen 26, 2025

**School-Based Health Alliance
Schedule of Findings and Questioned Costs
September 30, 2024**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes

☒ No

Significant deficiencies identified?

☐ Yes

☒ None reported

Noncompliance material to financial statements noted?

☐ Yes

☒ No

Federal Awards Programs:

Internal control over major federal programs:

Material weakness(es) identified?

☐ Yes

☒ No

Significant deficiencies identified?

☐ Yes

☒ None reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes

☒ No

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Funds

93.354

Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee

☒ Yes

☐ No

Section 2 - Financial Statement Findings

None.

Section 3 - Major Federal Award Program Findings and Questioned Costs

None.

Section 4 - Prior Year Findings

There were no prior year findings.