

School-Based Health Alliance

Financial Statements
September 30, 2019 and 2018



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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.**

Report on Financial Statements

We have audited the accompanying financial statements of School-Based Health Alliance (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School-Based Health Alliance as of September 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated March 12, 2020, 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
March 12, 2020

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF FINANCIAL POSITION

September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 1,138,370	\$ 588,930
Accounts receivable		
Foundation awards	-	20,000
Government grants	347,703	350,280
Other	33,650	57,146
Prepaid expenses and other assets	3,056	17,571
Investments	<u>1,545,503</u>	<u>1,714,260</u>
Total assets	<u>\$ 3,068,282</u>	<u>\$ 2,748,187</u>
LIABILITIES		
Accounts payable	\$ 204,839	\$ 108,610
Accrued payroll	56,793	48,938
Deferred revenue	20,000	34,965
Deferred rent	<u>89,072</u>	<u>96,664</u>
Total liabilities	<u>370,704</u>	<u>289,177</u>
NET ASSETS		
Without donor restrictions		
Operating	1,665,999	1,651,164
Board designated	<u>400,000</u>	<u>400,000</u>
	2,065,999	2,051,164
With donor restrictions	<u>631,579</u>	<u>407,846</u>
Total net assets	<u>2,697,578</u>	<u>2,459,010</u>
Total liabilities and net assets	<u>\$ 3,068,282</u>	<u>\$ 2,748,187</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF ACTIVITIES

Years ended September 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government grants	\$ 1,357,992	\$ -	\$ 1,357,992	\$ 1,541,339	\$ -	\$ 1,541,339
Contributions						
Foundation awards	-	1,020,800	1,020,800	-	657,186	657,186
Other	14,785	-	14,785	15,253	-	15,253
Annual conference	587,798	-	587,798	518,838	-	518,838
Membership dues	91,620	-	91,620	96,495	-	96,495
Contract services	308,266	-	308,266	150,685	-	150,685
Investment income	36,110	-	36,110	9,517	-	9,517
Net assets released from restrictions	797,067	(797,067)	-	1,398,480	(1,398,480)	-
Total revenue and support	<u>3,193,638</u>	<u>223,733</u>	<u>3,417,371</u>	<u>3,730,607</u>	<u>(741,294)</u>	<u>2,989,313</u>
EXPENSES						
Program services	2,566,289	-	2,566,289	3,081,795	-	3,081,795
Supporting services						
Management and general	607,234	-	607,234	433,863	-	433,863
Fundraising	5,280	-	5,280	11,528	-	11,528
Total expenses	<u>3,178,803</u>	<u>-</u>	<u>3,178,803</u>	<u>3,527,186</u>	<u>-</u>	<u>3,527,186</u>
CHANGE IN NET ASSETS	14,835	223,733	238,568	203,421	(741,294)	(537,873)
NET ASSETS						
Beginning of year	<u>2,051,164</u>	<u>407,846</u>	<u>2,459,010</u>	<u>1,847,743</u>	<u>1,149,140</u>	<u>2,996,883</u>
End of year	<u>\$ 2,065,999</u>	<u>\$ 631,579</u>	<u>\$ 2,697,578</u>	<u>\$ 2,051,164</u>	<u>\$ 407,846</u>	<u>\$ 2,459,010</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended September 30, 2019 and 2018

	2019				2018			
	Program Services	Supporting Services		Totals	Program Services	Supporting Services		Totals
		Management and General	Fundraising			Management and General	Fundraising	
Salaries	\$ 963,826	\$ 283,518	\$ -	\$ 1,247,344	\$ 1,213,250	\$ 213,458	\$ 8,684	\$ 1,435,392
Employee benefits	268,271	75,993	-	344,264	318,556	49,480	1,813	369,849
Payroll taxes	70,313	24,873	-	95,186	88,958	15,884	664	105,506
Rent	132,522	30,902	-	163,424	122,437	38,097	-	160,534
Printing and reproduction	6,901	9,160	50	16,111	16,363	1,168	-	17,531
Consulting fees	221,547	48,825	5,100	275,472	361,703	10,222	-	371,925
Subcontracts	373,568	-	-	373,568	353,385	-	-	353,385
Travel	184,310	35,763	-	220,073	204,046	26,667	79	230,792
Licenses, fees and insurance	4,870	12,360	-	17,230	12,260	10,307	-	22,567
Telephone	12,026	2,810	-	14,836	11,274	2,812	-	14,086
Supplies	44,265	10,731	-	54,996	35,773	5,010	-	40,783
Repairs and maintenance	25,075	24,200	-	49,275	24,815	18,445	288	43,548
Meetings	255,307	8,383	-	263,690	311,715	8,399	-	320,114
Postage	3,488	5,468	130	9,086	7,260	909	-	8,169
Auditing and accounting	-	19,000	-	19,000	-	19,000	-	19,000
Bank and credit card fees	-	15,248	-	15,248	-	14,005	-	14,005
Total expenses	\$ 2,566,289	\$ 607,234	\$ 5,280	\$ 3,178,803	\$ 3,081,795	\$ 433,863	\$ 11,528	\$ 3,527,186

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

STATEMENTS OF CASH FLOWS

Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 238,568	\$ (537,873)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Realized and unrealized loss on investments	10,946	35,102
(Increase) decrease in		
Accounts receivable	46,073	492,691
Prepaid expenses and other assets	14,515	5,849
Increase (decrease) in		
Accounts payable	96,229	(274,059)
Accrued payroll	7,855	(5,943)
Deferred revenue	(14,965)	34,965
Deferred rent	<u>(7,592)</u>	<u>43,957</u>
Net cash provided by (used for) operating activities	<u>391,629</u>	<u>(205,311)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	201,923	409,000
Purchase of investments	<u>(44,112)</u>	<u>(201,201)</u>
Net cash provided by investing activities	<u>157,811</u>	<u>207,799</u>
Net change in cash	549,440	2,488
CASH		
Beginning of year	<u>588,930</u>	<u>586,442</u>
End of year	<u>\$ 1,138,370</u>	<u>\$ 588,930</u>

See accompanying notes

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

(1) NATURE OF OPERATIONS

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

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

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

Without donor restrictions

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

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

With donor restrictions

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

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Alliance to expend the income generated in accordance with the provisions of the contribution. The Alliance did not have this type of net assets with donor restrictions at September 30, 2019 and 2018.

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, 2019 and 2018

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

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

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

Investments and Investment Income

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

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

Donated Services

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

Government Grants

Grant revenues are recognized as the related expenses are incurred.

Grants receivable 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 having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. The Alliance does not charge interest on outstanding balances.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied. Conditional promises to the Alliance at September 30, 2019 amounted to \$1,145,000 and relate to grants for advancement of the school-based health care model.

Deferred Rent

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

Functional Allocation of Expenses

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

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

Income Tax Status

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

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

Concentration of Credit Risk

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

Accounting Pronouncements Adopted

On August 18, 2016, the Financial Accounting Standards Board ("**FASB**") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Alliance has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Alliance's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (**Note 8**).

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified in order to conform to the 2019 presentation.

(3) INVESTMENTS

Investments consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 275,887	\$ 172,839
Certificates of deposit	250,828	551,168
Fixed income mutual funds	<u>1,018,788</u>	<u>990,253</u>
	<u>\$1,545,503</u>	<u>\$1,714,260</u>

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 47,056	\$ 44,619
Net realized and unrealized loss	<u>(10,946)</u>	<u>(35,102)</u>
	<u>\$ 36,110</u>	<u>\$ 9,517</u>

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

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

(4) GRANTS RECEIVABLE

Grants receivable consisted of the following at September 30:

<u>Program Title</u>	<u>2019</u>	<u>2018</u>
HRSA – Maternal and Child Health Federal Consolidated Programs	\$284,490	\$210,105
HRSA – Technical and Non-Financial Assistance to Health Centers	63,213	121,420
CDC – Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	-	18,755
	<u>\$347,703</u>	<u>\$350,280</u>

(5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2019 and 2018 consisted of the following:

	<u>Balance September 30, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance September 30, 2019</u>
Net assets spendable for specific purposes				
To promote adolescent health care	\$203,176	\$ 265,800	\$(358,352)	\$110,624
To advance the school-based health care model in select communities by providing leadership training and to build organizational capacity to engage public policy and advocacy work	199,170	755,000	(438,715)	515,455
Linda Juszczak Legacy Fund	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
	<u>\$407,846</u>	<u>\$1,020,800</u>	<u>\$(797,067)</u>	<u>\$631,579</u>
	<u>Balance September 30, 2017</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance September 30, 2018</u>
Net assets spendable for specific purposes				
To promote adolescent health care	\$ 338,244	\$607,186	\$(742,254)	\$203,176
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	803,696	50,000	(654,526)	199,170
Linda Juszczak Legacy Fund	<u>7,200</u>	<u>-</u>	<u>(1,700)</u>	<u>5,500</u>
	<u>\$1,149,140</u>	<u>\$657,186</u>	<u>\$(1,398,480)</u>	<u>\$407,846</u>

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

(6) OPERATING LEASES

The Alliance leases its administrative office and storage space under non-cancelable operating leases which expire on various dates through April 2024. Rent expense for these facilities was \$163,424 and \$160,534 for 2019 and 2018, respectively.

The office lease which contains rent increases and abatements is being recognized on a straight-line basis over the term of the lease. As a result, the rent paid exceeds the rent expensed by \$7,592 for the year ended September 30, 2019 and the amount expensed exceeds the rent paid by \$43,957 for the year ended September 30, 2018.

Future minimum annual lease commitments are as follows:

Year ended September 30,

2020	\$172,352
2021	176,661
2022	181,078
2023	185,605
2024	<u>110,056</u>
	<u>\$825,752</u>

(7) 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 \$93,366 and \$103,098 for 2019 and 2018, respectively.

(8) LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash	\$1,138,370
Accounts receivable	381,353
Investments	<u>1,545,503</u>
Total financial assets	3,065,226
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	631,579
Designated by Board of Directors as an operating reserve	<u>400,000</u>
Total financial assets available within one year	<u>\$2,033,647</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, fixed income mutual funds and certificates of deposit.

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

(9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 12, 2020, the date on which the financial statements were available to be issued. No material subsequent events have occurred since September 30, 2019 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, 2019

<u>Federal Grantor Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Health and Human Services</u>			
Health Resources and Services Administration			
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 907,055	\$349,318
Technical and Non-Financial Assistance to Health Centers	93.129	<u>450,937</u>	<u>-</u>
Total Expenditures of Federal Awards		<u>\$1,357,992</u>	<u>\$349,318</u>

See notes to schedule of expenditures of federal awards

SCHOOL-BASED HEALTH ALLIANCE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

(1) GENERAL INFORMATION

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(3) INDIRECT COSTS

The Alliance has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance. Indirect costs included in the schedule of expenditures of federal awards are charged to the federal government based on an approved indirect cost rate agreement (18.16% for 2019). 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 statement of activities and statement of functional expenses.

(4) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

SCHOOL-BASED HEALTH ALLIANCE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2019

There were no audit findings for the year ended September 30, 2018.



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, 2019, 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 March 12, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BBD, LLP.

Philadelphia, Pennsylvania
March 12, 2020



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

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

Report on Compliance for Major Federal Program

We have audited School-Based Health Alliance's (the "**Alliance**") compliance with the types of compliance requirements described in the **OMB Compliance Supplement** that could have a direct and material effect on the Alliance's major federal program for the year ended September 30, 2019. The Alliance's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Program

In our opinion, the Alliance complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

BBD, LLP.

Philadelphia, Pennsylvania
March 12, 2020

SCHOOL-BASED HEALTH ALLIANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the School-Based Health Alliance were presented in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the School-Based Health Alliance were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The program tested as a major program was:
 - U.S. Department of Health and Human Services
 - Technical and Non-Financial Assistance to Health Centers – CFDA Number 93.129
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The School-Based Health Alliance did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None