

Audited Financial Statements
Student Health Support SVCs Fund
dba Los Angeles Trust for Children's Health
Years ended June 30, 2012 and 2011
With Report of Independent Auditors

	<u>PAGE</u>
REPORT OF INDEPENDENT AUDITORS	1
AUDITED FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	
Year ended June 30, 2012	3
Year ended June 30, 2011	4
Statement of Functional Expenses	
Year ended June 30, 2012	5
Year ended June 30, 2011	6
Statements of Cash Flows	7
Notes to Financial Statements	8

Report of Independent Auditors

Board of Directors Los Angeles Trust for Children's Health

We have audited the accompanying statements of financial position of the Los Angeles Trust for Children's Health (the "Trust") as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Los Angeles Trust for Children's Health's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Trust's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Los Angeles Trust for Children's Health as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Vasquez + Company LLP

Los Angeles, California
February 12, 2013

**Los Angeles Trust for Children's Health
Statements of Financial Position**

		June 30	
		2012	2011
ASSETS			
Current assets			
Cash and cash equivalents	\$	422,878	\$ 564,332
Short-term investments		-	135,510
Other receivables		12,492	-
Total current assets		435,370	699,842
Total assets	\$	435,370	\$ 699,842
LIABILITIES AND NET ASSETS			
Current liabilities			
Accrued expenses	\$	122,399	\$ 9,878
Due to Los Angeles Unified School District		830	40,161
Contract advances		7,000	58,444
Total current liabilities		130,229	108,483
Total liabilities		130,229	108,483
Net assets			
Unrestricted		305,141	591,359
Total net assets		305,141	591,359
Total liabilities and net assets	\$	435,370	\$ 699,842

See notes to financial statements.

Los Angeles Trust for Children's Health
Statements of Activities
Year ended June 30, 2012

	Unrestricted	Temporarily restricted	Total
Revenue and support			
Contributions, including \$21,012 of in-kind contributions	\$ 116,112	\$ -	\$ 116,112
Interest income	3,533	-	3,533
Management fees	58,444	-	58,444
Other	16,156	-	16,156
Total revenue and support	194,245	-	194,245
Expenses			
Program services	340,028	-	340,028
General and administrative	140,435	-	140,435
Total expenses	480,463	-	480,463
Change in net assets	(286,218)	-	(286,218)
Net assets at beginning of year	591,359	-	591,359
Net assets at end of year	\$ 305,141	\$ -	\$ 305,141

See notes to financial statements.

Los Angeles Trust for Children's Health
Statements of Activities
Year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Support and revenue			
Contributions, including \$29,954 of in-kind contributions	\$ 104,013	\$ -	\$ 104,013
Net assets released from restriction for South LA Healthy Eating Active Communities Program	39,433	(39,433)	-
Interest income	2,582	-	2,582
Management fees	20,456	-	20,456
Other	4	-	4
Total support and revenue	<u>166,488</u>	<u>(39,433)</u>	<u>127,055</u>
Expenses			
Program services	179,941	-	179,941
General and administrative	62,936	-	62,936
Fundraising	-	-	-
Total expenses	<u>242,877</u>	<u>-</u>	<u>242,877</u>
Change in net assets	<u>(76,389)</u>	<u>(39,433)</u>	<u>(115,822)</u>
Net assets at beginning of year	<u>667,748</u>	<u>39,433</u>	<u>707,181</u>
Net assets at end of year	<u>\$ 591,359</u>	<u>\$ -</u>	<u>\$ 591,359</u>

See notes to financial statements.

Los Angeles Trust for Children's Health
Statement of Functional Expenses
Year ended June 30, 2012

<u>Description</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Pertussis Vaccination	\$ 22,936	\$ -	\$ 22,936
Wellness Works	2,866	-	2,866
Student Engagement Program	13,000	-	13,000
Learning Collaborative	70,191	-	70,191
School-based Health Clinics	71,666	-	71,666
Outside contracted services	148,961	104,638	253,599
Board meetings	-	1,337	1,337
In-kind contributions	-	21,012	21,012
Postage, mailing service	59	89	148
Printing and copying	1,041	101	1,142
Supplies	43	144	187
Telephone	-	13	13
Memberships	600	-	600
Insurance - Liability, Directors and Officers	-	1,619	1,619
Travel	5,871	-	5,871
Conference, convention, meeting	2,794	680	3,474
Accounting fees	-	10,650	10,650
Business registration fees	-	31	31
Miscellaneous	-	121	121
	<u>\$ 340,028</u>	<u>\$ 140,435</u>	<u>\$ 480,463</u>

See notes to financial statements.

Los Angeles Trust for Children's Health
Statement of Functional Expenses
Year ended June 30, 2011

Description	Program Services	General and Administrative	Total
School Health Based Clinics	\$ 41,334	\$ -	\$ 41,334
South LA Healthy Eating Active	39,433	-	39,433
Business registration fees	-	50	50
Accounting fees	-	29,250	29,250
Outside contracted services	86,021	-	86,021
Board meetings	-	1,385	1,385
In-kind contributions	-	29,954	29,954
Postage, mailing service	-	45	45
Printing and copying	759	290	1,049
Supplies	68	117	185
Telephone	-	250	250
Advertising and promotion	258	-	258
Memberships	1,090	-	1,090
Insurance - Liability, Directors and Officers	-	1,595	1,595
Travel	4,211	-	4,211
Conference, convention, meeting	6,767	-	6,767
Total	\$ <u>179,941</u>	\$ <u>62,936</u>	\$ <u>242,877</u>

See notes to financial statements.

**Los Angeles Trust for Children's Health
Statements of Cash Flows**

	Year ended June 30	
	2012	2011
Cash flows from operating activities		
Change in net assets	\$ (286,218)	\$ (115,822)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Other receivables	(12,492)	561
Accrued expenses	112,521	2,542
Due to Los Angeles Unified School District	(39,331)	(171,466)
Contract advances	(51,444)	58,444
Deferred revenue	-	(3,900)
Net cash used in operating activities	(276,964)	(229,641)
Cash flows from investing activities		
Proceeds from (additional investments in) certificates of deposit	135,510	(448)
Net cash provided by (used in) investing activities	135,510	(448)
Net change in cash and cash equivalents	(141,454)	(230,089)
Cash and cash equivalents at beginning of year	564,332	794,421
Cash and cash equivalents at end of year	\$ 422,878	\$ 564,332

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Los Angeles Trust for Children's Health (the Trust) was incorporated as a nonprofit public benefit corporation in April 1990. The Trust supports the operation and maintenance of the Los Angeles Unified School District's (the District)(LAUSD) school-based health clinics by raising funds from private and public sources. The Trust is a financial reporting component unit of the District.

The Los Angeles Trust for Children's Health (the Trust) is a 501(a) nonprofit organization working to improve the health of the children of the LAUSD. The Trust works to:

- Provide strategic funding and support for LAUSD Wellness Networks, school health centers and other student health services
- Increase access to health services for LAUSD students
- Increase public awareness of and advocate for effective responses to critical health issues
- Promote the study and research of health issues and practices
- Promote collaboration among health organizations to address the needs of children.

The primary function was to support the operation of school-based health centers (SBHCs). In 2004, the organization officially became the Los Angeles Trust for Children's Health to reflect the expansion of its strategic direction. The Trust retains an affiliation with LAUSD working integrally with the LAUSD Board of Education members and within the LAUSD Student Health and Human Services Division.

The Trust serves the Los Angeles Unified School District which enrolls nearly 700,000 students at its 1,081 schools and centers, making it the second largest school district in the United States. Of LAUSD's students: 72.8% are Latino; 11.2% are black (non-hispanic); 8.9% are white (non-hispanic); 74% participate in the free and reduced price meals program; 27% are uninsured; 44% are enrolled in MediCal; 8% are enrolled in Healthy Families. Success in school requires that students be healthy enough to learn, but far too many students have little or no access to the healthcare they need. For many of these children, the only healthcare services they will get are those that they access through school or community-based efforts.

In 2008, in accordance with its Strategic Plan, the Trust established three priority action areas:

1. Coordination of Policy Planning and Development: Providing coordinated, data driven planning for health services at LAUSD.
2. Wellness Networks: Creating health focused networks of care that provide preventive services and linkages to community –based sources of care at school complexes in LAUSD.
3. Oral Health Initiative: Launching a five-year, district-wide intervention to improve the oral health of elementary school age students.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Since then the Trust has served as support for school-based health clinics and health partnerships serving elementary, middle and senior high school students in LAUSD through a broad range of school-linked programs providing in excess of 200,000 healthcare visits annually to the students of LAUSD.

The Trust also plays a crucial leadership role in bringing together the diverse range of health organizations in Los Angeles to focus on the needs of the children via conferences and symposia. The Trust works closely with the California School Health Centers Association, the Community Clinic Association of Los Angeles County, the LA School Health Coalition, LA Health Action and the LA County Education Foundation

Basis of Accounting and Reporting

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Unrestricted Net Assets - Unrestricted net assets represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Trust.
- Temporarily Restricted Net Assets - Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements. The Trust had no temporary restricted assets at June 30, 2012 and 2011.
- Permanently Restricted Net Assets - Permanently restricted net assets include gifts and pledges which require, by donor restriction, that the principal be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. The Trust had no permanently restricted net assets at June 30, 2012 and 2011.

Cash and Cash Equivalents

The Trust considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term Investments

The Trust invests in certificates of deposit with a maturity of six months. Certificates of deposit are reported at cost, which approximates fair value. Interest income reported in the statement of activities consists of interest on certificates of deposit, cash and money market funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Expense Classification

To accomplish its mission, the Trust has undertaken projects which are being managed by the Trust's management and Board Members. The expenses incurred for these functions are classified in the financial statements as "Program services" expenses. Expenses incurred in the operation and administration of the Trust are classified as "general and administrative."

Functional Allocation of Expenses

The costs of providing various program services and supporting activities of the Trust are allocated on a functional basis. Expenses that can be identified with a specific program are allocated directly to the function benefited. Certain costs are allocated among the program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Income Tax Status

As a nonprofit organization, the Trust is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, the Trust is subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated services are recognized if the service requires specialized skills, is provided by individuals possessing the skills and the service would otherwise need to be purchased.

NOTE 2 RELATED PARTY TRANSACTIONS

The Los Angeles Unified School District, affiliate and its employees have made contributions of their time to provide management and support services to the Trust. The value of this contributed time for the years ended June 30, 2012 and 2011 was estimated to be \$21,012 and \$29,594, respectively and has been recorded in the accompanying statement of activities as contribution revenue with a corresponding amount recorded as general and administrative expense.

NOTE 3 CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributable to the magnitude of the Trust's investment in a single issuer. Financial instruments that potentially subject the Trust to credit risk are cash deposits with banks and other financial institutions.

On July 21, 2010, the Dodd-Frank financial regulatory reform legislation was signed into law making all noninterest-bearing transaction accounts fully insured without limit effective December 31, 2010 until January 1, 2013. During the two-year period, all noninterest-bearing accounts of all banks are covered. The legislation also modifies the methodology for FDIC assessments from deposit-based to asset-based. In addition, on July 21, 2010, the regulatory reform signed into law made the standard maximum deposit insurance amount of \$250,000 permanent. The \$250,000 per depositor is in addition to the full insurance on noninterest-bearing transaction accounts. At June 30, 2012 and 2011, cash balances in excess of the amount insured amounted to \$41,636 and \$260,651, respectively.

NOTE 4 SUBSEQUENT EVENTS

Management has evaluated events or transactions that occurred subsequent to June 30, 2012 through February 12, 2013, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined that no subsequent matters required disclosure or adjustment to the accompanying financial statements.

