



The L.A.  
Trust

STUDENT HEALTH = STUDENT SUCCESS

**Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)  
Audited Financial Statements  
As of and for the Year Ended June 30, 2015 and 2014  
With Report of Independent Auditors**

An Independently Owned Member  
McGLADREY ALLIANCE



 **Vasquez  
& Company LLP**  
Certified Public Accountants and Business Consultants

**Student Health Support SVCs Fund**  
**(dba Los Angeles Trust for Children's Health)**  
**Audited Financial Statements**  
***As of and for Year Ended June 30, 2015 and 2014***  
***With Report of Independent Auditors***

**Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)  
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## Report of Independent Auditors

**Board of Directors  
Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)**

### Report on the Financial Statements

We have audited the accompanying financial statements of Student Health Support SVCs Fund (dba Los Angeles Trust for Children's Health) (The L.A. Trust), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, cash flows and functional expenses 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 accounting principles generally accepted in the United States of America; 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.

#### ***Auditors' Responsibility***

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 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 the Student Health Support SVCs Fund (dba Los Angeles Trust for Children's Health) as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Vasquez + Company LLP*

**Los Angeles, California  
February 17, 2016**

**Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)  
Statements of Financial Position**

		June 30	
		2015	2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$	999,189	\$ 393,475
Grants receivable		857,262	584,323
<b>Total current assets</b>		<b>1,856,451</b>	<b>977,798</b>
<b>Total assets</b>	<b>\$</b>	<b>1,856,451</b>	<b>\$ 977,798</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$	418,294	\$ 141,249
Due to Los Angeles Unified School District		-	182,267
<b>Total current liabilities</b>		<b>418,294</b>	<b>323,516</b>
<b>Total liabilities</b>		<b>418,294</b>	<b>323,516</b>
<b>Net assets</b>			
Unrestricted		541,719	396,814
Temporarily restricted		896,438	257,468
<b>Total net assets</b>		<b>1,438,157</b>	<b>654,282</b>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>1,856,451</b>	<b>\$ 977,798</b>

*See notes to financial statements.*

**Student Health Support SVCs Fund**  
**(dba Los Angeles Trust for Children's Health)**  
**Statement of Activities**  
**Year ended June 30, 2015**

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	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>Revenues and support</b>			
Contributions	\$ 1,743,136	\$ 1,276,000	\$ 3,019,136
Interest income	1,719	-	1,719
Release from restriction	637,030	(637,030)	-
<b>Total revenues and support</b>	<u>2,381,885</u>	<u>638,970</u>	<u>3,020,855</u>
<b>Expenses</b>			
Program services	2,076,044	-	2,076,044
General and administrative	155,924	-	155,924
Fundraising	5,012	-	5,012
<b>Total expenses</b>	<u>2,236,980</u>	<u>-</u>	<u>2,236,980</u>
<b>Change in net assets</b>	144,905	638,970	783,875
Net assets at beginning of year	<u>396,814</u>	<u>257,468</u>	<u>654,282</u>
Net assets at end of year	<u>\$ 541,719</u>	<u>\$ 896,438</u>	<u>\$ 1,438,157</u>

*See notes to financial statements.*

**Student Health Support SVCs Fund**  
**(dba Los Angeles Trust for Children's Health)**  
**Statement of Activities**  
**Year ended June 30, 2014**

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	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>Revenues and support</b>			
Contributions	\$ 1,189,584	\$ 600,000	\$ 1,789,584
Interest income	1,112	-	1,112
Other	65	-	65
Release from restriction	396,546	(396,546)	-
<b>Total revenues and support</b>	<u>1,587,307</u>	<u>203,454</u>	<u>1,790,761</u>
<b>Expenses</b>			
Program services	1,352,397	-	1,352,397
General and administrative	144,957	-	144,957
Fundraising	822	-	822
<b>Total expenses</b>	<u>1,498,176</u>	<u>-</u>	<u>1,498,176</u>
<b>Change in net assets</b>	89,131	203,454	292,585
Net assets at beginning of year	<u>307,683</u>	<u>54,014</u>	<u>361,697</u>
Net assets at end of year	<u>\$ 396,814</u>	<u>\$ 257,468</u>	<u>\$ 654,282</u>

*See notes to financial statements.*

**Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)  
Statements of Cash Flows**

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	Year ended June 30	
	2015	2014
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 783,875	\$ 292,585
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Grants receivable	(272,939)	(512,466)
Accounts payable and accrued expenses	277,045	79,072
Due to Los Angeles Unified School District	(182,267)	124,767
Contract advances	-	(20,817)
<b>Net cash provided by (used in) operating activities</b>	<b>605,714</b>	<b>(36,859)</b>
<b>Net change in cash and cash equivalents</b>	<b>605,714</b>	<b>(36,859)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>393,475</b>	<b>430,334</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 999,189</b>	<b>\$ 393,475</b>

*See notes to financial statements.*

**Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)  
Statement of Functional Expenses  
Year ended June 30, 2015**

Description	Program Services	General and Administrative	Fundraising	Total
Contract services	\$ 1,139,784	\$ 48,081	\$ 1,530	\$ 1,189,395
LAEP professional services	681,630	24,278	-	705,908
Travel and conference	97,662	6,342	2,831	106,835
In-kind contributions - legal services	-	72,000	-	72,000
Incentives	46,894	1,598	-	48,492
Supplies	43,307	552	483	44,342
School-based health clinics	31,730	-	-	31,730
Telephone	12,993	732	-	13,725
Memberships	4,950	300	-	5,250
Non-capitalized equipment	3,264	-	-	3,264
Printing & copying	2,392	205	-	2,597
Board meetings	1,200	332	-	1,532
Postage and mailing service	306	50	-	356
Miscellaneous	9,932	1,454	168	11,554
<b>Total</b>	<b>\$ 2,076,044</b>	<b>\$ 155,924</b>	<b>\$ 5,012</b>	<b>\$ 2,236,980</b>

*See notes to financial statements.*

**Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)  
Statement of Functional Expenses  
Year ended June 30, 2014**

Description	Program Services	General and Administrative	Fundraising	Total
Contract services	\$ 820,799	\$ 55,479	\$ -	\$ 876,278
LAEP professional services	394,404	40,732	-	435,136
Travel and conference	56,357	3,420	-	59,777
In-kind contributions - legal services	-	38,752	-	38,752
Supplies	22,365	169	-	22,534
Telephone	1,113	-	-	1,113
Memberships	-	650	-	650
Non-capitalized equipment	32,615	-	-	32,615
Printing and copying	2,971	269	19	3,259
Board meetings	176	1,484	-	1,660
Donations	17,253	-	-	17,253
Insurance liability - directors and officers	1,250	3,987	-	5,237
Postage and mailing service	560	-	-	560
Miscellaneous	2,534	15	803	3,352
<b>Total</b>	<b>\$ 1,352,397</b>	<b>\$ 144,957</b>	<b>\$ 822</b>	<b>\$ 1,498,176</b>

*See notes to financial statements.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Student Health Support SVCs Fund (dba Los Angeles Trust for Children's Health) (the Organization) was incorporated as a nonprofit public benefit corporation in April 1990. The Organization supports the operation and maintenance of Los Angeles Unified School District's (LAUSD) school-based health programs by raising funds from private and public sources, developing model programs, advocating for policy improvement and convening key stakeholders to advance school health programs. The Organization also serves as a fiscal agent to facilitate funding for student health programs.

In 2004, the Organization officially became the Los Angeles Trust for Children's Health (The L.A. Trust) to reflect the expansion of its strategic direction. The L.A. 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 L.A. Trust is a 501(c)3 nonprofit organization working to improve the health of the children of the LAUSD. The L.A. Trust's mission is to improve student health and readiness to learn through access, advocacy and programs.

The L.A. Trust serves LAUSD which enrolls nearly 600,000 students at its 1,081 schools and centers, making it the second largest school district in the United States. Of LAUSD's students: 74.0% are Latino; 8.4% are black (non-Hispanic); 9.8% are white (non-Hispanic); 6.0% are Asian and 0.6 are pacific islander or American Indian; 77%.0% participate in the free and reduced price meals program; 27.0% are uninsured; 44.0% are enrolled in MediCal; 8.0% are enrolled in Healthy Families. (*Note: Percentages do not add up to 100%. Source: Superintendent's Final Budget 2015-16*)

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.

The 2014-17 strategic plan focuses on three key goals:

1. *Improving School Health Policy:* Providing coordinated, data driven planning for health services at LAUSD. Advocating for positive change and more integrated and holistic services for students.
2. *Developing a Robust System of 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. *Establishing a District Wide 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 L.A. 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 L.A. 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 L.A. Trust works closely with the Community Clinic Association of Los Angeles County, the LA School Health Coalition, the School Health Policy Roundtable, the National Alliance of School-Based Health Clinics, The California Alliance of School-Based Health Centers and the Directors of Student Health and Human Services.

**Basis of Accounting and Reporting**

The financial statements of The L.A. 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, 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 L.A. 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 L.A. 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.
- *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 L.A. Trust has no permanently restricted net assets as of June 30, 2015 and 2014.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

The L.A. Trust adopted ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are measured at fair value using a three-level fair value hierarchy that ranks the quality and reliability of the information used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1:* Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.
- Level 2:* Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3:* Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore, have little or no price transparency are classified as Level 3.

The L.A. Trust is required to measure donated services at fair value. The fair value of donated services has been measured on a non-recurring basis using quoted prices for similar assets in inactive market (Level 2 inputs).

**Cash and Cash Equivalents**

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

**Short-term Investments**

The L.A. Trust invests in certificates of deposit with a maturity of three months or more from the statement of financial position date. 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.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 L.A. Trust has undertaken projects which are being managed by The L.A. 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 L.A. Trust is classified as "General and Administrative." Expenses incurred in fundraising activities are classified under "Fundraising".

**Functional Allocation of Expenses**

The costs of providing various program services and supporting activities of The L.A. 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.

**Contributions**

Contributions primarily include unconditional promises to give cash or other assets. Contributions, whether temporarily restricted or unrestricted, are recognized as revenue when they are received. Unconditional promises to give are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the conditions expire, whichever occurs first.

**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.

**Donated Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial 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, are recorded at fair value in the period received.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

As a nonprofit organization, The L.A. 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 L.A. 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.

The L.A. Trust has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to The L.A. Trust's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The L.A. Trust's income tax returns remain subject to examination for all tax years ended on or after June 30, 2011 with regard to all tax positions and results reported.

**NOTE 2      RELATED PARTY TRANSACTIONS**

The contributed services from LAUSD are accounting, bookkeeping and tax review services for The L.A. Trust. The contributed services from LAUSD are based on its direct personnel costs that were allocated for time spent on The L.A. Trust for the years ended June 30, 2015 and 2014 which was estimated to be \$ 72,000 and \$38,752, respectively and has been recorded in the accompanying statement of activities as in-kind contributions with a corresponding amount recorded as general and administrative expense.

In fiscal year 2015, LAUSD provided health and human services and school-based oral health services to various schools in the state of California. For the year ended June 30, 2015, The L.A. Trust incurred \$803,563 in health and human services and school-based oral health services which was paid in full as of June 30, 2015.

In fiscal year 2014, LAUSD provided administrative support, health and human services and school-based oral health services to various schools in the state of California. For the year ended June 30, 2014, The L.A. Trust incurred \$411,963 in administrative support, health and human services and school-based oral health services, of which \$182,267 remain unpaid as of June 30, 2014 and is reported as Due to Los Angeles Unified School District in the Statement of Financial Position.

**Student Health Support SVCs Fund  
(dba Los Angeles Trust for Children's Health)  
Notes to Financial Statements  
Years ended June 30, 2015 and 2014**

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**NOTE 3      TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets available for future periods are as follows:

	<u>2015</u>	<u>2014</u>
California Community Foundation	\$ 272,246	\$ -
Keck Foundation	250,000	-
California Endowment	121,421	-
Harbor Community	120,000	-
DentaQuest Foundation	86,703	104,685
CVS Health	25,000	-
The Ralph M Parsons Foundation	13,017	-
America's Tooth Fairy	5,000	-
California Alliance of School Based Health	3,051	-
Kaiser Permanente Southern California Fund for Charitable Contributions	-	100,508
The California Wellness Foundation	-	33,122
Blue Shield of California Foundation	-	19,153
Total	<u>\$ 896,438</u>	<u>\$ 257,468</u>

**NOTE 4      CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss attributable to the magnitude of The L.A. Trust's investment in a single issuer. Financial instruments that potentially subject The L.A. Trust to credit risk are cash deposits with banks and other financial institutions. Financial instruments, which subjects The L.A. Trust to concentration of credit risks consist of cash and cash equivalents and grants receivables.

Effective January 1, 2013, noninterest-bearing transaction accounts are not insured separately from depositors' other accounts at the same Federal Deposit Insurance Corporation (FDIC) Insured Depository Institution (IDI). Instead, noninterest-bearing transaction accounts are added to any of a depositor's other accounts in the applicable ownership category and the aggregate balance insured up to at least the standard maximum deposit insurance amount of \$250,000 per depositor at each separately chartered IDI. At June 30, 2015 and 2014, L.A. Trust had cash balances at financial institutions that exceeded the FDIC insured limits in the amount of \$832,267 and \$52,642, respectively

**NOTE 5      SUBSEQUENT EVENTS**

Management has evaluated events or transactions that occurred subsequent to June 30, 2015 through February 17, 2016, 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.



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