

WestCoast Children's Clinic

Financial Statements
and Supplementary Information
and Single Audit Reports and Schedules

June 30, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
WestCoast Children's Clinic
Oakland, California

Opinion

We have audited the accompanying financial statements of WestCoast Children's Clinic (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WestCoast Children's Clinic as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted 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. 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 WestCoast Children's Clinic and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, 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 WestCoast Children's Clinic's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WestCoast Children's Clinic'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 WestCoast Children's Clinic'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Additionally, 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* 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 auditing standards generally accepted in the United States of America. 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 February 3, 2025, on our consideration of the Organization'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 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 the Organization'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 the Organization's internal control over financial reporting and compliance.



San Francisco, California

February 3, 2025

WestCoast Children's Clinic
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,180,359	\$ 2,548,007
Restricted cash	80,079	69,959
Accounts receivable	26,572	14,509
Contracts and grants receivable	6,154,017	6,311,428
Prepaid expenses and other	<u>361,937</u>	<u>348,501</u>
Total current assets	<u>8,802,964</u>	<u>9,292,404</u>
Noncurrent assets		
Deposits	44,396	31,216
Investments	95,253	183,944
Investment - endowment	152,852	147,001
Operating lease right-of-use assets	927,051	1,336,174
Property and equipment, net	<u>487,457</u>	<u>593,742</u>
Total noncurrent assets	<u>1,707,009</u>	<u>2,292,077</u>
Total assets	<u>\$ 10,509,973</u>	<u>\$ 11,584,481</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 181,085	\$ 92,948
Accrued payroll, payroll taxes, and benefits	2,858,673	3,337,339
Accrued 403(b) contributions	1,014,129	1,200,395
Other accrued expenses	440,608	323,806
Current portion of lease liability	<u>381,775</u>	<u>444,649</u>
Total current liabilities	<u>4,876,270</u>	<u>5,399,137</u>
Long-term liabilities		
Program liabilities	601,109	602,164
Reserve for contingent liabilities	681,577	681,577
Deferred revenue	399,082	346,018
Lease liability, net of current portion	<u>552,351</u>	<u>935,896</u>
Total long-term liabilities	<u>2,234,119</u>	<u>2,565,655</u>
Total liabilities	<u>7,110,389</u>	<u>7,964,792</u>
Net assets		
Without donor restrictions		
Board-designated	185,050	185,050
Undesignated	<u>2,533,155</u>	<u>2,572,939</u>
Total without donor restrictions	<u>2,718,205</u>	<u>2,757,989</u>
With donor restrictions	<u>681,379</u>	<u>861,700</u>
Total net assets	<u>3,399,584</u>	<u>3,619,689</u>
Total liabilities and net assets	<u>\$ 10,509,973</u>	<u>\$ 11,584,481</u>

The accompanying notes are an integral part of these financial statements.

WestCoast Children's Clinic
Statements of Activities
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support						
Donations and grants	\$ 84,353	\$ 27,500	\$ 111,853	\$ 115,021	\$ 305,000	\$ 420,021
In-kind contributions	332,948	-	332,948	247,714	-	247,714
Government contracts	25,160,094	-	25,160,094	23,356,312	-	23,356,312
Investment income (loss), net	30,821	5,851	36,672	42,160	(1,910)	40,250
Other income	13,652	-	13,652	-	-	-
Net assets released from restriction	213,672	(213,672)	-	695,864	(695,864)	-
Total revenues, gains, and other support	<u>25,835,540</u>	<u>(180,321)</u>	<u>25,655,219</u>	<u>24,457,071</u>	<u>(392,774)</u>	<u>24,064,297</u>
Functional expenses						
Program services	21,907,459	-	21,907,459	20,829,186	-	20,829,186
Support services						
Management and general	3,943,655	-	3,943,655	3,479,805	-	3,479,805
Fundraising	24,210	-	24,210	26,884	-	26,884
Total support services	<u>3,967,865</u>	<u>-</u>	<u>3,967,865</u>	<u>3,506,689</u>	<u>-</u>	<u>3,506,689</u>
Total functional expenses	<u>25,875,324</u>	<u>-</u>	<u>25,875,324</u>	<u>24,335,875</u>	<u>-</u>	<u>24,335,875</u>
Change in net assets	(39,784)	(180,321)	(220,105)	121,196	(392,774)	(271,578)
Net assets, beginning of year	<u>2,757,989</u>	<u>861,700</u>	<u>3,619,689</u>	<u>2,636,793</u>	<u>1,254,474</u>	<u>3,891,267</u>
Net assets, end of year	<u>\$ 2,718,205</u>	<u>\$ 681,379</u>	<u>\$ 3,399,584</u>	<u>\$ 2,757,989</u>	<u>\$ 861,700</u>	<u>\$ 3,619,689</u>

The accompanying notes are an integral part of these financial statements.

WestCoast Children's Clinic
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	\$ 15,513,544	\$ 2,392,822	\$ 16,136	\$ 17,922,502
Employee benefits	2,463,745	325,909	1,404	2,791,058
Payroll taxes	1,233,954	221,808	1,467	1,457,229
Contract staff	118,290	-	-	118,290
Total personnel expenses	19,329,533	2,940,539	19,007	22,289,079
Rent	528,159	81,040	180	609,379
Transportation and meetings	191,486	26,078	45	217,609
Supplies, postage and printing	355,638	11,841	762	368,241
In-kind services	332,948	-	-	332,948
Other professional services	482,392	316,475	251	799,118
Depreciation	84,658	103,471	-	188,129
Training	115,385	1,577	4	116,966
Telephone	160,857	9,407	17	170,281
Accounting expense	-	91,005	-	91,005
Insurance	-	104,087	-	104,087
Other	326,403	258,135	3,944	588,482
	<u>\$ 21,907,459</u>	<u>\$ 3,943,655</u>	<u>\$ 24,210</u>	<u>\$ 25,875,324</u>

The accompanying notes are an integral part of these financial statements.

WestCoast Children's Clinic
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	\$ 14,346,923	\$ 2,154,509	\$ 20,930	\$ 16,522,362
Employee benefits	2,244,054	292,782	2,178	2,539,014
Payroll taxes	1,170,548	168,000	1,658	1,340,206
Contract staff	466,960	-	-	466,960
Total personnel expenses	18,228,485	2,615,291	24,766	20,868,542
Rent	479,972	100,337	509	580,818
Transportation and meetings	135,942	11,148	27	147,117
Supplies, postage and printing	387,349	14,057	1,210	402,616
In-kind services	248,490	-	-	248,490
Other professional services	599,937	382,724	324	982,985
Depreciation	81,932	100,140	-	182,072
Training	171,470	1,383	8	172,861
Telephone	137,486	9,742	40	147,268
Accounting expense	-	66,750	-	66,750
Insurance	-	72,807	-	72,807
Interest expense	-	291	-	291
Other	358,123	105,135	-	463,258
	<u>\$ 20,829,186</u>	<u>\$ 3,479,805</u>	<u>\$ 26,884</u>	<u>\$ 24,335,875</u>

The accompanying notes are an integral part of these financial statements.

WestCoast Children's Clinic
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (220,105)	\$ (271,578)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	188,129	182,072
Amortization of lease right-of-use assets	409,123	417,877
Net realized and unrealized gain on investments	(30,750)	(30,730)
Changes in operating assets and liabilities		
Accounts receivable	(513)	(7,214)
Contracts and grants receivable	145,861	(970,581)
Prepaid expenses and other	(13,436)	(41,212)
Deposits	(13,180)	(13,663)
Accounts payable	88,137	(77,730)
Accrued payroll, payroll taxes, and benefits	(478,666)	40,706
Accrued 403(b) contributions	(186,266)	120,209
Other accrued expenses and program liabilities	115,747	9,099
Reserve for contingent liabilities	-	42,006
Deferred revenue	53,064	28,192
Refundable advance (Paycheck Protection Program)	-	(6,084)
Operating lease liabilities	(446,419)	(420,166)
Net cash used in operating activities	<u>(389,274)</u>	<u>(998,797)</u>
Cash flows from investing activities		
Proceeds from sale of investments	113,590	-
Purchases of property and equipment	(81,844)	(69,509)
Net cash provided by (used in) investing activities	<u>31,746</u>	<u>(69,509)</u>
Net decrease in cash, cash equivalents and restricted cash	(357,528)	(1,068,306)
Cash, cash equivalents and restricted cash, beginning of year	<u>2,617,966</u>	<u>3,686,272</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 2,260,438</u></u>	<u><u>\$ 2,617,966</u></u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 2,180,359	\$ 2,548,007
Restricted cash	<u>80,079</u>	<u>69,959</u>
	<u><u>\$ 2,260,438</u></u>	<u><u>\$ 2,617,966</u></u>

Supplemental schedule of noncash investing and financing activities

Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ -	\$ 1,770,316
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The accompanying notes are an integral part of these financial statements.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

1. NATURE OF OPERATIONS

WestCoast Children's Clinic (the "Organization") is a private, nonprofit community psychology clinic located in Oakland, California. Founded in 1979, our mission is to provide mental health services to vulnerable children, youth and families regardless of their ability to pay, and to expand the reach of psychological services through training, advocacy, and research. We address the unique needs of individuals while simultaneously working to improve the systems and public policies that impact their lives. Annually we serve over 1,200 children in the Bay Area who are in poverty and high stress communities.

Our clinical programs include:

- *Assessment Program*: We use a Collaborative Assessment model to help children and their families better understand emotional and behavioral challenges and how to address them.
- *Outpatient Therapy*: We provide trauma informed, long-term individual and family psychotherapy, parent guidance, and clinical case management services in our outpatient therapy program.
- *Catch-21*: This program provides supportive services to youth who are leaving intensive mental health programs to develop skills that are needed to successfully transition to adulthood.
- *C-Change*: Transforming the Lives of Sexually Exploited Minors: C-Change provides intensive therapy and case management to youth who are being sexually exploited.
- *STAT*: Screening, Stabilization, and Transition Program: STAT provides first response mental health services at the Alameda County Assessment Center to children removed from their homes due to abuse or neglect. Through this program, children receive stabilization services to support their transition to new foster care placements.

In addition to clinical work, our Intern Program, accredited by the American Psychological Association (APA) since 2009, provides training in individual and family therapy and psychodiagnostic assessment. Our Research and Evaluation department helps us make sure that time and resources are directed where they will have the most impact by investigating what works and for whom. Our Policy Department advocates at the local, state, and national levels to improve the lives of children and families. The Training Department oversees all aspects of agency-wide workshops, trainings, and professional development activities for our clinical staff and external stakeholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets

The Organization reports information regarding its financial position and activities according to classes of net assets. Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor imposed stipulations. The Organization's board of directors may designate net assets without donor restrictions for specific purposes. As of June 30, 2024 and 2023, the board of directors has designated \$185,050 for reserves.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature such as those that may or will be met by actions of the Organization and/or passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

Cash and cash equivalents include cash, money market accounts, and demand deposits held by financial institutions and other highly liquid investments with a maturity of three months or less.

The Organization maintains cash balances and money market accounts at various financial institutions, which are FDIC insured up to the limit allowed by law. At times such investments may be in excess of the insurance limit. The Organization has not experienced any losses in such accounts. Management is actively diversifying its cash holdings and believes the Organization is not exposed to any significant credit risk related to cash.

Restricted cash

Restricted cash consists of cash held with a trust agency and restricted for the funding of unemployment benefits.

Contracts and grants receivable

Contracts and grants receivable consist of receivables from funding agencies, donors, and other partners. Receivables are stated at the amount management expects to collect from outstanding balances. Based on historical write-offs, overall economic conditions, the current aging status of its receivables, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, the Organization establishes an allowance for credit losses at a level considered adequate to cover anticipated credit losses on outstanding receivables. For the years ended June 30, 2024 and 2023, there was no allowance for credit losses.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Organization values its investments at fair value. Gains and losses (including investments bought, sold, and held during the year) are reflected in the statements of activities as investment income or loss. Short term highly liquid money market deposits that are not used for operations are treated as investments.

Fair value measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- *Level 1* - quoted prices on active markets for identical assets
- *Level 2* - quoted prices in active or inactive markets for the same or similar assets
- *Level 3* - estimates using the best information available when there is little or no market

Property and equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	Lesser of useful life or lease term
Furniture and fixtures	5 years
Computer and equipment	5 years

Leases

The Organization leases property and equipment under operating leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets and lease liabilities on the statement of financial position.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected not to recognize ROU assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Revenue recognition

Grants and contributions received are reported as net assets without donor restrictions or with donor restrictions depending on donor restrictions, if any. Grants and contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists.

A major portion of the Organization's revenues is derived from cost-reimbursable government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

In-kind contributions

Donated services are recognized as contributions if the services (a) create or enhance financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, indirect costs have been allocated among the programs and supporting services on a basis proportionate to direct staff time or other method which best measures the relative degree of benefit.

Use of estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), and is considered by the IRS to be an organization other than a private foundation.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in the Organization's federal and state exempt organization returns are more likely than not to be sustained upon examination.

Subsequent events

Management has evaluated subsequent events through February 3, 2025, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments - Credit Losses* ("ASC 326"). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 381,454	\$ 352,995
Computer and equipment	1,670,274	1,619,583
Computer and equipment - finance lease	361,099	361,099
Furniture and fixtures	345,884	344,216
Construction in progress	<u>20,144</u>	<u>20,000</u>
	2,778,855	2,697,893
Accumulated depreciation	<u>(2,291,398)</u>	<u>(2,104,151)</u>
	<u><u>\$ 487,457</u></u>	<u><u>\$ 593,742</u></u>

Total depreciation expense was \$188,129 and \$182,072 for the years ended June 30, 2024 and 2023, respectively.

4. INVESTMENTS

Investments consisted of the following:

	<u>2024</u>	<u>2023</u>
Common stocks	\$ -	\$ 98,474
Mutual funds	95,253	85,470
Mutual funds - endowment	<u>152,852</u>	<u>147,001</u>
	<u><u>\$ 248,105</u></u>	<u><u>\$ 330,945</u></u>

Long-term investments related to the endowment remain restricted in perpetuity, except that the income from these investments is available to subsidize operating or other costs at the discretion of the board of directors. The use of other long-term investments is determined by the board of directors.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

4. INVESTMENTS (continued)

Investment income (loss) is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 5,922	\$ 9,520
Realized and unrealized gain, net	<u>30,750</u>	<u>30,730</u>
	<u><u>\$ 36,672</u></u>	<u><u>\$ 40,250</u></u>

5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mutual funds	\$ 248,105	\$ -	\$ -	\$ 248,105
	<u><u>\$ 248,105</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 248,105</u></u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Common stocks	\$ 98,474	\$ -	\$ -	\$ 98,474
Mutual funds	<u>232,471</u>	<u>-</u>	<u>-</u>	<u>232,471</u>
	<u><u>\$ 330,945</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 330,945</u></u>

The fair values of mutual funds and common stocks are based on readily available quoted prices in active markets.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

6. ACCRUED PAYROLL, PAYROLL TAXES AND BENEFITS

Accrued payroll, payroll taxes, and benefits consisted of the following:

	<u>2024</u>	<u>2023</u>
Payroll, including incentive compensation	\$ 1,359,726	\$ 1,608,006
Payroll taxes	570,561	770,571
Paid time off benefits	879,168	922,090
Other employee benefits	<u>49,218</u>	<u>36,672</u>
	<u>\$ 2,858,673</u>	<u>\$ 3,337,339</u>

7. PROGRAM LIABILITIES

Program liabilities are recorded for the differences between payments received for services and the allowable costs of providing those services. These liabilities may be refundable to the county agencies providing the funds. The Organization is contracted by county agencies on a child-by-child basis regarding the repayment process. At June 30, 2024 and 2023, the program liabilities were \$601,109 and \$602,164, respectively.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Clinic	\$ 8,016	\$ 8,016
Research	520,511	706,683
Endowment	<u>152,852</u>	<u>147,001</u>
	<u>\$ 681,379</u>	<u>\$ 861,700</u>

Net assets with donor restrictions released from restriction during the year were as follows:

	<u>2024</u>	<u>2023</u>
Research	\$ 213,672	\$ 695,864
	<u>\$ 213,672</u>	<u>\$ 695,864</u>

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

9. ENDOWMENT

The Organization's endowment consists of a contribution from a board member for the purpose of achieving the Organization's long-range goals. The endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity and it is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, with acceptable levels of risk. The endowment is invested in publicly traded mutual funds.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

9. ENDOWMENT (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this kind as of June 30, 2024 and 2023.

Spending policy

The income from the endowment is available to subsidize operating or other costs at the discretion of the board of directors, and is classified as with donor restrictions in the statements of activities.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 152,852	\$ 152,852

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 147,001	\$ 147,001

Changes in endowment net assets for the fiscal year ended June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2023	\$ -	\$ 147,001	\$ 147,001
Investment return			
Net change in value of investments	-	5,851	5,851
Balance, June 30, 2024	\$ -	\$ 152,852	\$ 152,852

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

9. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2022	\$ -	\$ 148,911	\$ 148,911
Investment return			
Net change in value of investments	<u>-</u>	<u>(1,910)</u>	<u>(1,910)</u>
Balance, June 30, 2023	<u><u>\$ -</u></u>	<u><u>\$ 147,001</u></u>	<u><u>\$ 147,001</u></u>

10. CONTRIBUTED SERVICES

Contributed services are primarily provided by post-graduate students with specialized training participating in advanced internships for marriage, family and child counselors, clinical social workers, school psychologists, and pastoral counselors. These services are a significant and integral part of the efforts of the Organization and would have to be performed by salaried personnel or contract staff if the services had not been contributed. The Organization maintains records of these services and estimates the value of the services based on the cost of comparable services. Contributed services totaled \$332,948 and \$248,490 for the years ended June 30, 2024 and 2023, respectively.

11. COMMITMENTS AND CONTINGENCIES

Operating leases

The Organization leases property and equipment under noncancelable operating leases. The leases expire at various dates through July 2028 and require monthly payments ranging from \$418 to \$35,211. As of June 30, 2024 and 2023, the weighted average discount rate is 6% and the average weighted average remaining lease term is 2.4 years and 3.2 years, respectively.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

11. COMMITMENTS AND CONTINGENCIES (continued)

Operating leases (continued)

Future minimum operating lease payments are as follows:

<u>Year ending June 30,</u>	
2025	\$ 427,540
2026	427,540
2027	145,856
2028	<u>5,014</u>
	1,005,950
Less: imputed interest	<u>(71,824)</u>
	<u><u>\$ 934,126</u></u>

Additional information related to leases during the year is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 492,983	\$ 506,280

Lease costs for the year consisted of the following:

	<u>2024</u>	<u>2023</u>
Lease expense	\$ 517,784	\$ 512,770
Variable lease costs	<u>91,595</u>	<u>68,048</u>
	<u><u>\$ 609,379</u></u>	<u><u>\$ 580,818</u></u>

Contingencies

The Organization receives a portion of its revenues from county government agencies. If there were a significant reduction in the level of this revenue, it may have a significant effect on the Organization's programs and activities.

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used for eligible services in accordance with their respective guidelines and regulations. The potential exists for disallowance of payments because of the ineligibility of clients under MediCal. The liability which may result from ineligible services related to contract years 2006/07 and later has been estimated and is shown as a reserve for contingent liabilities.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

11. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies (continued)

A potential exists for disallowance of previously funded program costs due to incomplete or missing documentation for payroll and other costs. The ultimate liability, if any, which may result from any disallowance cannot be reasonably estimated and, accordingly, the Organization has no provision for the possible disallowance of these costs in the financial statements.

12. CONCENTRATIONS

For the years ended June 30, 2024 and 2023, the Organization received 80% and 87% respectively, of its revenues, gains, and other support from a single government source. As of June 30, 2024 and 2023, 75% and 78%, respectively, of contracts and grants receivable were from the aforementioned source.

13. RETIREMENT PLAN

The Organization established a defined contribution plan (the "Plan") under Internal Revenue Code Section 403(b). All full-time and part-time employees expected to work at least half-time are eligible for participation in the Plan immediately and are eligible for employer contributions after reaching age 21 and completing one year and 1,000 hours of service. Vesting of employer contributions is graduated over 6 years, beginning in the second year. For each Plan year, the Board of Directors determines the amount (if any) to be contributed by the Organization to the Plan. Total employer contributions approved to be funded to the Plan for the years ended June 30, 2024 and 2023, were \$902,989 and \$1,027,178, respectively. Total Plan contributions include forfeitures of \$77,657 and \$0 for Plan years ended June 30, 2024 and 2023, respectively.

14. INCENTIVE COMPENSATION PLAN

The Organization established an incentive compensation plan to reward eligible employees for meeting specific performance goals. The board of directors has sole discretion to determine the allocation pool available and to adjust the target payments. The board also reserves the right to terminate the plan with 90 days' notice, or to suspend payment if it would adversely affect the Organization's financial health. Total payout including payroll taxes under the plan for the years ended June 30, 2024 and 2023 were \$1,326,617 and \$1,841,836, respectively.

15. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Organization has cash and cash equivalents and receivables available. Accounts and contracts and grants receivable are considered current and will be collected within one year.

WestCoast Children's Clinic
Notes to Financial Statements
June 30, 2024 and 2023

15. LIQUIDITY AND FUNDS AVAILABLE (continued)

Monthly, the management team reviews the Organization's financial position to ensure that the cash position is in line with the budget while considering risk factors. On a quarterly basis, the cash position is reviewed by the Finance Committee to ensure that cash is aligned with the budget.

The following is a quantitative disclosure which describes financial assets that are available within one year of June 30, 2024 and June, 30 2023 to fund general expenditures and other obligations as they become due:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 2,180,359	\$ 2,548,007
Accounts receivable, net	26,572	14,509
Contracts and grants receivable	<u>6,154,017</u>	<u>6,311,428</u>
	<u>8,360,948</u>	<u>8,873,944</u>
Less amounts unavailable for general expenditures within one year		
Board designated reserves	(185,050)	(185,050)
Donor-imposed restrictions	<u>(681,379)</u>	<u>(861,700)</u>
	<u>(866,429)</u>	<u>(1,046,750)</u>
	<u>\$ 7,494,519</u>	<u>\$ 7,827,194</u>

SUPPLEMENTARY INFORMATION

WestCoast Children's Clinic
Schedule of Expenditures for County of Alameda Grants
For the Year Ended June 30, 2024

Program Name	EC Clinic	Assessment	Catch 21	STAT	Project 1959	CSEYSS	SSA Milieu	SSA - C - Change	SSA - CANS	SSA AWOL	Title IV-E YAP	Alameda County District Attorney's Office	SSA - CSEC - Expansion	SSA - FURS - Family Urgent Response System
Procurement Contract Number	18327	16524	16524	16524	16524	16524	19162			16524	19161			
Exhibit Number (or Description)	RU#81931	RU#81936	RU#81935	RU#01DW1	RU#81934	RU#01E61								
Contract Period	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024	7/1/2023- 6/30/2024
Salaries	\$ 4,497,423	\$ 1,655,680	\$ 1,520,507	\$ 1,302,950	\$ 65,318	\$ 578,363	\$ 2,577,881	\$ 86,447	\$ 346,236	\$ 130,342	\$ 666,666	\$ 90,966	\$ 103,104	\$ 366,225
Payroll taxes	272,701	114,217	138,268	115,121	5,778	53,077	233,992	8,337	31,037	12,450	62,420	6,351	9,429	32,890
Employee benefits	625,230	227,395	233,189	192,406	9,228	81,703	527,421	12,765	50,099	21,466	153,579	10,024	15,812	31,405
Contract staff	10,645	2,548	2,177	2,177	136	489	-	-	-	-	29,395	-	-	-
Other professional services	110,062	9,448	26,091	28,521	1,608	7,202	110,458	122	1,528	425	44,796	2,076	527	438
Training	6,381	3,532	1,674	1,343	69	508	2,288	67	217	115	21,357	27	78	71
Facilities	170,017	60,705	56,364	1,028	49	19,236	2,522	2,852	11,879	122	29,708	3,777	87	3,464
Telephone	53,594	24,681	25,189	8,830	10	6,636	13,280	306	2,073	1,877	11,279	191	8	1,096
Supplies, postage and printing	112,961	23,006	37,027	28,185	640	9,782	110,389	240	9,150	3,475	98	306	9	781
Travel and meetings	105,471	22,401	39,587	26,920	27	16,293	27,604	680	2,880	5,546	677	(129)	21	1,071
Other	193,101	5,963	49,489	42,089	2,566	11,825	13,846	206	796	377	4,822	12	304	4,480
Admin allocation	847,183	312,320	387,452	313,686	15,695	138,561	653,353	20,454	82,339	32,228	184,470	19,034	24,045	77,057
Total expenses	<u>7,004,769</u>	<u>2,461,896</u>	<u>2,517,014</u>	<u>2,063,256</u>	<u>101,124</u>	<u>923,675</u>	<u>4,273,034</u>	<u>132,476</u>	<u>538,234</u>	<u>208,423</u>	<u>1,209,267</u>	<u>132,635</u>	<u>153,424</u>	<u>518,978</u>
Amount reimbursed by county	<u>6,909,267</u>	<u>1,439,592</u>	<u>2,392,791</u>	<u>2,661,243</u>	<u>183,205</u>	<u>752,262</u>	<u>3,614,791</u>	<u>142,226</u>	<u>164,795</u>	<u>203,076</u>	<u>1,225,239</u>	<u>91,138</u>	<u>123,737</u>	<u>328,724</u>
Revenue reimbursements received in excess of (deficient of) costs	<u>\$ (95,502)</u>	<u>\$ (1,022,304)</u>	<u>\$ (124,223)</u>	<u>\$ 597,987</u>	<u>\$ 82,081</u>	<u>\$ (171,413)</u>	<u>\$ (658,243)</u>	<u>\$ 9,750</u>	<u>\$ (373,439)</u>	<u>\$ (5,347)</u>	<u>\$ 15,972</u>	<u>\$ (41,497)</u>	<u>\$ (29,687)</u>	<u>\$ (190,254)</u>

SINGLE AUDIT REPORTS AND SCHEDULES

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
WestCoast Children's Clinic
Oakland, California

We have audited, in accordance with the auditing standards generally accepted 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, the financial statements of WestCoast Children's Clinic (the "Organization"), which comprise the statements of financial position as of June 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 February 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The script is cursive and fluid.

San Francisco, California

February 3, 2025



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

Board of Directors
WestCoast Children's Clinic
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited WestCoast Children's Clinic (the "Organization")'s 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 Organization's major federal programs for the year ended June 30, 2024. The Organization'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 Organization 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 June 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization'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 Organization'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 Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness 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 black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

San Francisco, California

February 3, 2025

WestCoast Children's Clinic
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Health and Human Services			
Foster Care Title IV-E, AFDC			
Pass-through program from Alameda County (Milieu)	93.658	900435	\$ 165,334
Pass-through program from State of California Department of Social Services	93.658	20-3006, 20-3007	<u>347,543</u>
Total Foster Care Title IV-E, AFDC			<u>512,877</u>
Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)			
Pass-through program from Alameda County	93.658		<u>37,232</u>
Total Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)			<u>37,232</u>
Block Grants for Prevention and Treatment for Substance Abuse			
Pass-through program from California Department of Health Care Services	93.959		<u>223,207</u>
Total Block Grants for Prevention and Treatment for Substance Abuse			<u>223,207</u>
 Total U.S. Department of Health and Human Services			 <u>773,316</u>
 Total Expenditures of Federal Awards			 <u>\$ 773,316</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

WestCoast Children's Clinic
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of WestCoast Children's Clinic (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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 limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

WestCoast Children's Clinic
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing</u>
Block Grants for Prevention and Treatment for Substance Abuse	93.959
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

WestCoast Children's Clinic
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statements findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

WestCoast Children's Clinic
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.