

PUBLIC HEALTH INSTITUTE

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY REGULATORY
COMPLIANCE INFORMATION

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Public Health Institute
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Public Health Institute (the "Institute"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute'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 Institute'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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Health Institute as of December 31, 2019 and 2018, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 other 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 June 22, 2020 on our consideration of Public Health Institute'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 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 Public Health Institute's internal control over financial reporting and compliance.



Crowe LLP

San Francisco, California
June 22, 2020

PUBLIC HEALTH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,339,276	\$ 20,998,867
Grants and contracts receivable, net of allowance for doubtful accounts of \$75,000 in 2019 and 2018	22,381,926	10,902,414
Prepaid expenses	1,737,444	1,918,651
Other assets	<u>315,351</u>	<u>318,947</u>
Total current assets	<u>38,773,997</u>	<u>34,138,879</u>
Furniture, equipment and computer software, net of accumulated depreciation and amortization (Note 3)	<u>1,875,735</u>	<u>2,199,479</u>
Total assets	<u>\$ 40,649,732</u>	<u>\$ 36,338,358</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 7,691,231	\$ 4,748,376
Accrued salaries and related leave	8,461,319	7,688,009
Contract advances	<u>5,834,261</u>	<u>5,045,539</u>
Total current liabilities	<u>21,986,811</u>	<u>17,481,924</u>
Net assets:		
Without donor restrictions:		
Undesignated	4,200,626	4,699,615
Designated (Note 4)	<u>1,824,850</u>	<u>1,239,035</u>
Total without donor restrictions	6,025,476	5,938,650
With donor restrictions (Note 5)	<u>12,637,445</u>	<u>12,917,784</u>
Total net assets	<u>18,662,921</u>	<u>18,856,434</u>
Total liabilities and net assets	<u>\$ 40,649,732</u>	<u>\$ 36,338,358</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2019 and 2018

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue						
Grants and contracts (Notes 2 and 9)	\$ 102,169,133	\$ 17,545,656	\$ 119,714,789	\$ 93,980,291	\$ 18,025,715	\$ 112,006,006
Contributions	1,174,407	-	1,174,407	484,916	-	484,916
Net assets released from donor restrictions	<u>17,825,995</u>	<u>(17,825,995)</u>	<u>-</u>	<u>17,410,184</u>	<u>(17,410,184)</u>	<u>-</u>
Total support and revenue	<u>121,169,535</u>	<u>(280,339)</u>	<u>120,889,196</u>	<u>111,875,391</u>	<u>615,531</u>	<u>112,490,922</u>
Expenses						
Direct expenses:						
Salaries, wages and benefits (Note 8)	59,044,299	-	59,044,299	63,595,655	-	63,595,655
Professional services	12,156,976	-	12,156,976	9,975,993	-	9,975,993
Travel, training and professional development	5,269,769	-	5,269,769	7,780,636	-	7,780,636
Occupancy (Note 7)	3,970,008	-	3,970,008	3,655,037	-	3,655,037
Supplies	1,425,336	-	1,425,336	656,218	-	656,218
Publications and printing	199,114	-	199,114	166,767	-	166,767
Temporary help	165,931	-	165,931	127,730	-	127,730
Communications	785,067	-	785,067	956,285	-	956,285
Postage and delivery	351,804	-	351,804	323,857	-	323,857
Subcontracts and grants	21,417,274	-	21,417,274	8,932,537	-	8,932,537
Other	<u>701,370</u>	<u>-</u>	<u>701,370</u>	<u>250,916</u>	<u>-</u>	<u>250,916</u>
Total direct expenses	<u>105,486,948</u>	<u>-</u>	<u>105,486,948</u>	<u>96,421,631</u>	<u>-</u>	<u>96,421,631</u>
Indirect expenses:						
Allocated	15,477,307	-	15,477,307	15,505,668	-	15,505,668
Unallocated	<u>118,454</u>	<u>-</u>	<u>118,454</u>	<u>87,082</u>	<u>-</u>	<u>87,082</u>
Total indirect expenses	<u>15,595,761</u>	<u>-</u>	<u>15,595,761</u>	<u>15,592,750</u>	<u>-</u>	<u>15,592,750</u>
Total expenses	<u>121,082,709</u>	<u>-</u>	<u>121,082,709</u>	<u>112,014,381</u>	<u>-</u>	<u>112,014,381</u>
Change in net assets	86,826	(280,339)	(193,513)	(138,990)	615,531	476,541
Net assets at beginning of year	<u>5,938,650</u>	<u>12,917,784</u>	<u>18,856,434</u>	<u>6,077,640</u>	<u>12,302,253</u>	<u>18,379,893</u>
Net assets at end of year	<u>\$ 6,025,476</u>	<u>\$ 12,637,445</u>	<u>\$ 18,662,921</u>	<u>\$ 5,938,650</u>	<u>\$ 12,917,784</u>	<u>\$ 18,856,434</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2019

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 59,021,353	\$ 22,946	\$ 59,044,299	\$ 10,689,086	\$ 783,523	\$ 11,472,609	\$ 70,516,908
Professional services	12,149,798	7,178	12,156,976	356,543	50,020	406,563	12,563,539
Travel, training and professional development	5,269,534	235	5,269,769	194,936	2,634	197,570	5,467,339
Occupancy	3,970,008	-	3,970,008	1,176,439	360,151	1,536,590	5,506,598
Supplies	1,425,336	-	1,425,336	527,445	25,757	553,202	1,978,538
Publications and printing	198,471	643	199,114	131,777	23,271	155,048	354,162
Temporary help	165,931	-	165,931	5,000	-	5,000	170,931
Communications	783,472	1,595	785,067	164,771	22,081	186,852	971,919
Postage and delivery	351,804	-	351,804	12,764	546	13,310	365,114
Subcontracts and grants	21,417,274	-	21,417,274	-	-	-	21,417,274
Other	699,798	1,572	701,370	1,064,048	4,969	1,069,017	1,770,387
	<u>\$ 105,452,779</u>	<u>\$ 34,169</u>	<u>\$ 105,486,948</u>	<u>\$ 14,322,809</u>	<u>\$ 1,272,952</u>	<u>\$ 15,595,761</u>	<u>\$ 121,082,709</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2018

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 63,589,803	\$ 5,852	\$ 63,595,655	\$ 10,764,026	\$ 740,329	\$ 11,504,355	\$ 75,100,010
Professional services	9,949,853	26,140	9,975,993	408,981	59,653	468,634	10,444,627
Travel, training and professional development	7,780,601	35	7,780,636	242,142	6,082	248,224	8,028,860
Occupancy	3,655,037	-	3,655,037	1,061,410	349,753	1,411,163	5,066,200
Supplies	656,218	-	656,218	336,326	69,667	405,993	1,062,211
Publications and printing	165,794	973	166,767	155,897	31,318	187,215	353,982
Temporary help	127,730	-	127,730	26,260	-	26,260	153,990
Communications	954,597	1,688	956,285	183,673	19,970	203,643	1,159,928
Postage and delivery	323,501	356	323,857	15,009	244	15,253	339,110
Subcontracts and grants	8,932,537	-	8,932,537	-	-	-	8,932,537
Other	250,698	218	250,916	1,118,730	3,280	1,122,010	1,372,926
	<u>\$ 96,386,369</u>	<u>\$ 35,262</u>	<u>\$ 96,421,631</u>	<u>\$ 14,312,454</u>	<u>\$ 1,280,296</u>	<u>\$ 15,592,750</u>	<u>\$ 112,014,381</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (193,513)	\$ 476,541
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	520,264	494,087
(Increase) decrease in:		
Grants and contracts receivable	(11,479,512)	2,188,186
Prepaid expenses	181,207	(4,996)
Other assets	3,596	76,226
Increase (decrease) in:		
Accounts payable and accrued liabilities	2,942,855	1,018,831
Accrued salaries and related leave	773,310	23,254
Contract advances	<u>788,722</u>	<u>41,133</u>
Net cash (used in) provided by operating activities	<u>(6,463,071)</u>	<u>4,313,262</u>
Cash flows from investing activities		
Purchase of furniture, equipment and computer software	<u>(196,520)</u>	<u>(18,469)</u>
Net (decrease) increase in cash and cash equivalents	(6,659,591)	4,294,793
Cash and cash equivalents at beginning of year	<u>20,998,867</u>	<u>16,704,074</u>
Cash and cash equivalents at end of year	<u>\$ 14,339,276</u>	<u>\$ 20,998,867</u>

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization: The Public Health Institute is a California nonprofit public benefit corporation organized and operated for charitable and scientific purposes under section 501(c)(3) of the Internal Revenue Code. The specific and primary purposes of the Public Health Institute and its subsidiaries (collectively, the Institute or PHI) are to improve the public's health in United States and globally through research, training and professional education, institutional support, consultation and technical assistance, information dissemination and policy analysis.

Principles of Consolidation: The accompanying financial statements of the Institute include the accounts of the Public Health Institute and the Public Health Institute's controlled subsidiaries: PHI India Private Limited, a private limited company organized under the laws of India, and Instituto de Saude Publica do Brasil, a private association organized under the laws of Brazil. The Public Health Institute's controlled subsidiaries are operated exclusively for the purpose of carrying out projects that advance PHI's charitable and scientific purposes in the Republic of India and Brazil respectively. All intercompany balances and transactions have been eliminated in consolidation.

The Institute's mission is to generate and promote research, leadership and partnerships to build capacity for strong public health policy, programs, systems and practices. The Institute believes that health is a fundamental human right and just societies ensure equitable health outcomes for everyone. The Institute is guided by the following key principles:

- Accountability
- Leadership and creativity in individuals and institutions
- Cross-sector thinking
- Diverse partnerships throughout the world
- Innovation
- Evidence-based public health

The Institute has adopted a strategic framework consisting of the following six overarching goals:

- Strengthen public health engagement and leadership
- Advance sustainable global health solutions
- Strengthen public health systems, services and research
- Advance policy to improve social determinants of health
- Diversify and strengthen funding base to ensure long-term impact
- Deliver operational excellence to the Institute's programs

The Alcohol Research Group ("ARG"), is a program of the Institute which focuses on better understanding the public health implications of alcohol use patterns and associated problems. Additionally, it disseminates these findings, as well as trains future generations of public health researchers to become independent scientist in the field of alcohol studies.

Basis of Presentation: The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with generally accepted accounting principles in the United States of America.

Cash and Cash Equivalents: The Institute considers all cash and other highly liquid investments with initial maturities of three months or less when purchased to be cash equivalents. This classification also includes money market accounts held by the Institute.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Institute maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Furniture, Equipment and Computer Software: Furniture, equipment and computer software in excess of \$5,000 are capitalized and stated at cost if purchased, or at fair value if donated.

Furniture, equipment and computer software are depreciated/amortized on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. The cost of maintenance and repairs is recorded as expenses when incurred.

Compensated Absences: The Institute's current policy is to allow employees to accrue up to a maximum of 640 hours of paid time off. As of December 31, 2019 and 2018, the liability for accrued compensated absences aggregated \$7,138,278 and \$6,957,966, respectively, and is included in accrued salaries and related leave in the accompanying Statements of Financial Position.

Net Asset Classification: The net assets are reported in two self-balancing groups as follows:

- Net assets without donor restrictions – This classification includes revenue and contributions received which have no donor-imposed restrictions. These net assets are available for the operation of the Institute and include both internally designated (Note 4) and undesignated resources.
- Net assets with donor restrictions – This classification includes revenue and contributions which are subject to donor-imposed stipulations that will be met by the actions of the Institute, and/or the passage of time. When a restriction ceases, the restricted net assets are reclassified to “net assets without donor restrictions” and reported in the Statements of Activities and Changes in Net Assets, as net assets released from restrictions.

Grants and Contracts: Grants and contracts, which are generally considered non-exchange transactions, are recognized as net assets with donor restrictions when they are deemed to have a purpose or time restricted contribution. Grants received in excess of qualifying direct and indirect expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Contracts are recorded as revenue without donor restrictions when reimbursable costs have been incurred by the Institute. Contract funding received in advance of incurring the related expenses is recorded as a contract advance. Contract advances remain as a liability until such time as the qualifying direct or indirect expenses have been incurred.

The Institute receives funding under grants and contracts from the U.S. Government for direct and indirect program costs. This funding is subject to contractual conditions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are recorded as without donor restrictions income to the extent that related direct and indirect expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the related agreements. Grants and contracts receivable approximate fair value.

The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the funder.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Income Taxes: The Institute is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income and franchise taxes under Section 23701d of the California Revenue and Taxation Code, except to the extent of unrelated business taxable income as defined under Internal Revenue Code Sections 511 through 515. A provision for income taxes has not been recorded in the accompanying financial statements. The Institute is not a private foundation.

Uncertain Tax Positions: For the years ended December 31, 2019 and 2018, the Institute has documented its consideration of guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Tax positions taken related to the Institute's tax exempt status, unrelated business activities taxable income and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken by the Institute would more likely than not be sustained by examination. Accordingly, the Institute has not recorded an income tax liability for uncertain tax benefits as of December 31, 2019 and 2018 nor does it expect there will be a material change in the twelve months following the year ended December 31, 2019. As of December 31, 2019, the Institute's tax years ended December 31, 2015 through December 31, 2019 remain subject to examination in the United States federal tax jurisdiction and the tax years ended December 31, 2014 through December 31, 2019 remain subject to examination in the California state tax jurisdiction.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among program and supporting services benefited. Functional expenses are allocated based on hours incurred by the individuals assigned to the program and supporting services or by directly charging costs to a given function, where applicable. The Institute considers its services related to bettering the public health to encompass one program for purposes of functional expense allocation.

Recently Adopted Accounting Guidance: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Institute implemented this guidance for the year ended December 31, 2019 using a modified retrospective method of application to contracts. However, there was no material impact from the recognition or presentation of revenue as a result of the application of ASU 2014-19. As a result, no cumulative effect adjustment was recorded upon adoption.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The Institute applied the amendments in this ASU for the year ended December 31, 2019 using a modified retrospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

NOTE 2 – CONCENTRATION OF REVENUE

Approximately 73% and 71% of the Institute's total support and revenue for the years ending December 31, 2019 and 2018 was derived from various agencies of the U.S. government. Approximately 13% and 30% of the Institute's total support and revenue for the years ended December 31, 2019 and 2018 respectively, was received under a single cooperative agreement from the United States Agency for International Development. Approximately 16% of the Institute's total support and revenue for the years ended December 31, 2019 and 2018, was received under various awards from the National Institute of Health. Any interruption of these relationships (i.e. failure to renew grant agreements or withholding of funds) would require review of ongoing operations.

NOTE 3 – FURNITURE, EQUIPMENT AND COMPUTER SOFTWARE

Furniture, equipment and computer software consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 4,015,427	\$ 3,818,907
Computer software	<u>262,534</u>	<u>262,534</u>
Total furniture, equipment and computer software	4,277,961	4,081,441
Less: Accumulated depreciation and amortization	<u>(2,402,226)</u>	<u>(1,881,962)</u>
Net furniture, equipment and computer software	<u>\$ 1,875,735</u>	<u>\$ 2,199,479</u>

Total depreciation and amortization expense for the years ended December 31, 2019 and 2018 was \$520,264 and \$494,087, respectively.

NOTE 4 – DESIGNATED NET ASSETS

Internally designated program funds totaled \$1,824,850 and \$1,239,035, as of December 31, 2019 and 2018, respectively and were classified as designated net assets.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2019 and 2018, net assets with donor restrictions consisted of funds set aside for specific programs, as stipulated by the following donors providing the restricted support:

	<u>2019</u>	<u>2018</u>
Nathen Cumins Foundation	\$ 2,205,196	\$ 2,380,117
Individual Donors	1,743,756	947,107
The California Endowment	1,242,850	1,600,582
University of California	1,067,224	966,757
Blue Shield of California	1,009,991	789,798
Cigna Foundation	832,690	-
The Health Trust	657,632	481,116
The California Wellness Foundation	597,779	493,262
Kaiser Permanente	377,586	543,043
The Kresge Foundation	352,126	249,133
Gordon and Betty Moore Foundation	315,000	126,310
Novo Foundation	249,965	309,497
Wwww Foundation, Inc.	206,392	198,277
Sergey Brin Foundation	186,138	-
Echidna Giving	159,561	-
California Healthcare Foundation	156,431	(1,533)
The Summit Foundation	135,105	183,644
David and Lucile Packard Foundation	128,167	662,664
Battery Powered	125,000	-
Robert Wood Johnson Foundation	123,318	1,219,977
Sacramento County	120,868	15,063
Stupski Foundation	106,722	221,989
Energy Foundation	72,078	95,574
Conrad N. Hilton Foundation	70,982	139,529
The Bill and Melinda Gates Foundation	-	553,477
Whole Foods Market California Inc.	-	358,301
Other	<u>394,888</u>	<u>384,100</u>
Total net assets with donor restrictions	<u>\$ 12,637,445</u>	<u>\$ 12,917,784</u>

NOTE 6 – LINE OF CREDIT

The Institute has a renewable revolving bank line of credit for \$4,000,000, with a current expiration date of August 1, 2020. Amounts borrowed under this agreement for 2019 and 2018 bear interest equal to Daily One Month LIBOR rate plus 2% (3.76% and 4.52% at December 31, 2019 and 2018, respectively). The line is secured by the cash and accounts receivable of the Institute. As of December 31, 2019 and 2018, there were no outstanding borrowings on the line of credit.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7 – LEASE COMMITMENTS

The Institute leases office space under several agreements, expiring in various years through 2024. The Institute generally attempts to include a clause in its lease agreements which enables the lease to be terminated should support from a funding agency be terminated.

Future minimum lease payments under operating leases with remaining terms in excess of one year as of December 31, 2019 are as follows:

Year Ending <u>December 31,</u>	
2020	\$ 4,862,599
2021	3,739,414
2022	1,992,755
2023	1,389,213
2024 and after	<u>1,724,752</u>
	<u>\$ 13,708,733</u>

Rent expense under all operating leases totaled \$4,901,628 and \$4,716,319 for the years ended December 31, 2019 and 2018, respectively.

Rent expense reported as direct occupancy expense in the accompanying Statements of Activities and Changes in Net Assets for the years ended December 31, 2019 and 2018 totaled \$3,635,700 and \$3,480,931, respectively. During the same years, \$1,265,928 and \$1,235,388, respectively, were included with allocated indirect expenses.

NOTE 8 – TAX DEFERRED RETIREMENT PLAN

The Public Health Institute offers participation in a tax deferred retirement plan. All regular full-time and part-time employees who work a minimum of 20 hours per week are eligible to make salary deferral contributions to the Plan and are eligible to receive employer contributions beginning on the first day of the month following six consecutive months of employment. The Institute contributes 10% of gross wages to the retirement plan. An employee's minimum contribution is \$25 per month. The maximum combined contributions are determined by limits set under Federal law.

During the years ended December 31, 2019 and 2018, the Institute contributed \$4,695,499 and \$4,935,102, respectively, to the tax-sheltered annuity plan. The aforementioned contributions are fully vested and are administered by the Teachers Insurance and Annuity Association of America (TIAA).

NOTE 9 – CONTINGENCIES

The Institute receives assistance from various agencies of the United States Government; such awards are subject to audit under the provisions of Uniform Guidance. The ultimate determination of amounts received under United States Government awards is based upon the allowance of costs reported to and accepted by the United States Government. There exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material contingent liability exists at December 31, 2019.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through June 22, 2020, the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Institute could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

NOTE 11 - LIQUIDITY AND AVAILABILITY

The Institute's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 14,339,276	\$ 20,998,867
Grants and contracts receivable, net of allowance for doubtful accounts	<u>22,381,926</u>	<u>10,902,414</u>
	<u>\$ 36,721,202</u>	<u>\$ 31,901,281</u>

The Institute has a liquidity management policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. None of the financial assets above are subject to donor or other contractual restrictions which would make them unavailable for general expenditure, including ongoing program expenditures, within one year of the balance sheet date. The Institute also maintains a line of credit for \$4,000,000 which can be drawn upon should a need for additional liquidity arise. See additional information in Note 6.

SUPPLEMENTARY INFORMATION

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
Research and Development Cluster: Department of Health and Human Services (DHHS):					
Environmental Public Health and Emergency Response	Center for Disease Control and Prev	93.070	1 NUE1EH001343-01-00	\$ -	\$ 861,116
Blood Disorder Program: Prevention, Surveillance and Research	Center for Disease Control and Prev	93.080	1 NU58DD000011-01-00	-	45,362
Environmental Health	National Institutes of Health	93.113	881R21ES031501-01	-	100,017
Environmental Health	University of California, Davis	93.113	A18-0412-A001	-	19,088
Environmental Health	University of California, San Francisco	93.113	7923sc 7924sc	-	38,254
Environmental Health	University of California, San Francisco	93.113	9718sc	-	245,144
Environmental Health	University of Southern California	93.113	110056322	-	42,884
Subtotal CFDA 93.113				-	445,387
NIEHS Superfund Hazardous Substances, Basic Research and Education	University of California, San Diego	93.143	114231116	-	3,981
Mental Health Research Grants	Temple University	93.242	264202-PHI	-	22,172
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	1H79TI080720-01	133,384	558,885
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	1U79SM063157-01	-	465,824
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	1H79SP021774-01	77,372	275,206
Subtotal CFDA 93.243				210,756	1,299,915
Occupational Safety and Health Program	Natl Inst for Occupational Safety & Hlth	93.262	5U60OH010895	-	20,399
Occupational Safety and Health Program	Natl Inst for Occupational Safety & Hlth	93.262	5U60OH008468	-	828,336
Subtotal CFDA 93.262				-	848,735
Drug Abuse and Addiction Research Programs	Kaiser Permanente	93.279	RNG210174-PHI-01	-	11,552
Drug Abuse and Addiction Research Programs	National Institutes of Health	93.279	1R01DA042938-01A1	-	687,218
Drug Abuse and Addiction Research Programs	National Institutes of Health	93.279	1R01DA048526-01A1	-	139,638
Drug Abuse and Addiction Research Programs	National Institute on Drug Abuse	93.279	1R01DA039971-01A1	69,921	526,392
Drug Abuse and Addiction Research Programs	National Institute on Drug Abuse	93.279	5R01DA036606	218,499	396,549
Drug Abuse and Addiction Research Programs	National Institute on Drug Abuse	93.279	R01DA034973	-	5,461
Subtotal CFDA 93.279				288,420	1,766,810

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

Federal Granting Agency/Program Name	Pass-Through Entity	CFDA Number	Grant/Contract Number	Provided to Sub-recipients	Expenditures
Research and Development Cluster (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
Alcohol Research Programs	National Institutes of Health	93.273	1R01AA026956-01A1	\$ -	\$ 75,191
Alcohol Research Programs	National Institutes of Health	93.273	1R21AA026654-01A1	-	156,136
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1K01AA024832-01A1	-	152,969
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1R01AA021448	-	125,053
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1R01AA027782-01	-	33,019
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1R03AA025205-01A1	-	31,934
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5P50AA005595	437,732	1,597,695
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA021742	-	166,692
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022791	-	135,862
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022857	5,706	337,896
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA023870	398,535	629,456
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	R01AA013750	-	395,563
Alcohol Research Programs	SCRIPPS Research Institute	93.273	5-53746	-	171,204
Alcohol Research Programs	SCRIPPS Research Institute	93.273	5-53950	-	35,282
Alcohol Research Programs	University of Sheffield	93.273	R01AA024443 SUB02	-	197,579
Alcohol Research Programs	University of Texas at Austin	93.273	UTA19-001179	-	2,345
Alcohol Research Programs	Virginia Commonwealth University	93.273	PD303768-SC105637	-	<u>49,085</u>
Subtotal CFDA 93.273				<u>841,973</u>	<u>4,292,961</u>
Mental Health and Health Disparities Research	National Institutes of Health	93.307	1R03MD011481-01A1	<u>30,710</u>	<u>53,440</u>
Common Fund Research Support	University of Illinois	93.310	093670-17187	-	<u>9,555</u>
Cancer Cause and Prevention Research	National Cancer Institute	93.393	1R01CA214470-01	-	365,682
Cancer Cause and Prevention Research	Stanford University	93.393	61739897-125888	-	40,270
Cancer Cause and Prevention Research	University of Alabama at Birmingham	93.393	000519160-004	-	15,588
Cancer Cause and Prevention Research	University of Southern California	93.393	107856651	-	93,946
Cancer Cause and Prevention Research	University of Southwestern Medical	93.393	GMO190807	-	<u>4,725</u>
Subtotal CFDA 93.393				-	<u>520,211</u>
ACL National Institute On Disability, Independent Living, and Rehabilitation Research	TIRR memorial Hermann	93.433	18-1836	-	38,535
ACL National Institute On Disability, Independent Living, and Rehabilitation Research	Administration for Community Living	93.433	90DP0081-01-00	<u>187,428</u>	<u>1,473,682</u>
Subtotal CFDA 93.433				<u>187,428</u>	<u>1,512,217</u>

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
Research and Development Cluster (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20014813-RSUB	\$ -	\$ 9,055
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20032915-RSUB	29,208	301,759
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20032934-RSUB	55,644	839,244
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20037521-RSUB	-	1,488,038
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20050991-RSUB	-	44,878
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20087276-RSUB	-	5,496,525
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	9500080220-XX/20124356	-	246,391
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962575-RSUB	-	1,544,376
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962851-RSUB	-	1,200,841
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962902-RSUB	-	4,648
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	PO-20126867-RSUB	-	24,496
Cancer Treatment Research	Children's National Health System	93.395	30004166-02	-	33,887
Cancer Treatment Research	National Institutes of Health	93.395	2U10CA180899-06	2,613,647	8,128,701
Cancer Treatment Research	University of Florida	93.395	SUB00001665	-	404,098
Cancer Treatment Research	University of Florida	93.395	UFDSP00012138	-	441,176
Subtotal CFDA 93.395				<u>2,698,499</u>	<u>20,208,113</u>
Cancer Cause and Prevention Research	Children's Hospital of Philadelphia	93.399	20121678 - RSUB	-	161,765
Cancer Cause and Prevention Research	Children's Hospital of Philadelphia	93.399	9500100720-XX	-	565,609
Subtotal CFDA 93.399				<u>-</u>	<u>727,374</u>
Allergy and Infectious Diseases Research	National Institutes of Health	93.855	1R01AI135118-01	-	11,341
Aging Research	Emory University	93.866	A027536	-	55,006
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	California Department of Human Health	93.898	17-10098	-	171,289
Preventive Health and Health Services Block Grant	Natl Inst for Occupational Safety & Hlth	93.991	18-10541	-	140,251
Preventive Health and Health Services Block Grant	Natl Inst for Occupational Safety & Hlth	93.991	19-10607	-	12,979
Subtotal CFDA 93.991				<u>-</u>	<u>153,230</u>
Development of a database on Non-English Measure and Instruments for use in Alcohol Research	Brightoutcome, Inc.	93.U01	N/A	-	26,292
Medical: Biomedical (Applied Research/ Exploratory Development)	Medable, Inc.	93.U02	N/A	-	207,547

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
Research and Development Cluster (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
Alcohol Research Program	CSR, Inc.	93.U03	CT-AEDS-001	\$ -	\$ 13,157
Alcohol Research Program	Hendall, Inc.	93.U04	3201-CON-001-01	-	4,403
The Surveillance, Epidemiology, and End Results (SEER) Program on Cancer Statistics program	National Cancer Institute	93.U05	HHSN261201800009I	-	4,035,268
Environmental Protection Agency (EPA):					
Science To Achieve Results (STAR) Research Program	University of California, San Francisco	66.509	8633sc 8634sc	-	67,803
Department of Defense:					
Military Medical Research and Development (B)	Dept of the Army	12.420	W81XWH-16-1-0254	19,452	77,935
Subtotal Research and Development Cluster				<u>4,277,238</u>	<u>37,440,620</u>
Other Programs:					
Department of Health and Human Services (DHHS):					
National Organizations of State and Local Officials	Assoc of State & Terr Hlth Ofc (Astho)	93.011	57-17054	-	291
CMHS Child Mental Health Service Initiative	Corp for Nat'l and Community Service	93.013	18VS20700117VSPCA024	-	44,658
Healthy Marriage Promotion and Responsible Fatherhood Grants	Administration for Children and Families	93.086	90FM0090-01-000	573,454	969,099
Maternal and Child Health Federal Consolidated Programs	Assoc. of Maternal & Child Health Pgms	93.110	N/A	-	2,925
Community Programs to Improve Minority Health Grant Program	Public Health Service	93.137	CPIMP151113-01-00	-	527,548
Centers of Excellence	University of California, San Francisco	93.157	11140sc	-	52,811
Telehealth Programs	Health Resources & Services Admin	93.211	2 G22RH30365-02-00	11,300	393,266
National Diabetes Prevention Program: Preventing Type 2 Diabetes Among People at High Risk	Natl. Assoc. of Chronic Disease Directors	93.261	3382019	-	604

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
Other Programs (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
Centers for Disease Control and Prevention Investigations and Technical Assistance	State of CA, Dept of Public Health	93.283	15-10331	\$ _____ -	\$ _____ 67,859
Racial and Ethnic Approaches to Community Health	Toiyabe County	93.304	NU58DP005678-03-01	_____ -	_____ 7,879
Protecting and Improving Health Globally: Building and and Strengthening Public Health Impact, Systems, Capacity and Security	Center for Disease Control and Prev	93.318	NU2GGH002093-01-00	97,209	5,546,697
Protecting and Improving Health Globally: Building and and Strengthening Public Health Impact, Systems, Capacity and Security	Healthmpowers	93.318	N/A	-	28,429
Protecting and Improving Health Globally: Building and and Strengthening Public Health Impact, Systems, Capacity and Security	Michigan Fitness Foundation	93.318	PHI REC/PAC 2019-ST	-	62,815
Protecting and Improving Health Globally: Building and and Strengthening Public Health Impact, Systems, Capacity and Security	Michigan Fitness Foundation	93.318	PHI RFA EEB 2019-AM	_____ -	_____ 80,007
Subtotal CFDA 93.318				_____ 97,209	_____ 5,717,948
Partnerships to Improve Community Health	Toiyabe County	93.331	NU58DP005678-03-01	_____ -	_____ 6,221
Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health Crises	Assoc of State & Terr Hlth Ofc (ASTHO)	93.391	57-17055	_____ -	_____ 5,241
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	Center for Disease Control and Prev	93.421	1 NU38OT000313-01-00	-	904,476
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	Center for Disease Control and Prev	93.421	6 NU38OT000313-01-01	-	367,230
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	Center for Disease Control and Prev	93.421	6 NU38OT000313-02-04	-	7,084
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	Center for Disease Control and Prev	93.421	NU38OT000313-01-00	-	359,526
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	National Network of Public Health	93.421	G1439_AG-0030	_____ -	_____ 2,309
Subtotal CFDA 93.421				_____ -	_____ 1,640,625

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
Other Programs (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	C1231	\$ 14,727	\$ 50,055
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G1096	-	1,461
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G1097	-	2,398
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G1104	79,436	81,679
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G1118	-	116,908
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G1197		481,467
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G991		<u>11,422</u>
Subtotal CFDA 93.424				<u>94,163</u>	<u>745,390</u>
State Targeted Response to the Opioid Crisis Grants	California Rural Indian Health Board	93.788	N/A	-	812
State Targeted Response to the Opioid Crisis Grants	State of Ca, Dept of Health Care Service	93.788	18-95423	-	<u>12,055,293</u>
Subtotal CFDA 93.788				-	<u>12,056,105</u>
Block Grants for Prevention and Treatment of Substance Abuse	Sacramento County	93.959	3027206000-16-085	-	<u>240,745</u>
Occupational Safety and Health Program	Centers for Disease Control and Prev.	93.U06	75D30118P01374	-	24,518
Occupational Safety and Health Program	Centers for Disease Control and Prev.	93.U06	75D30119P05707	-	<u>13,957</u>
Subtotal CFDA 93.U06				-	<u>38,475</u>
NCIPC-DVP-Workforce Development	Centers for Disease Control and Prev.	93.U07	1991171	-	<u>7,518</u>
Peer Recovery Support Services, Essential Skills in Addiction Treatment setting	The CDM Group, Inc.	93.U08	270-14-0445		<u>7,664</u>
Surgeon General's Repro	Health & Human Svcs. Admin	93.U09	0468400001	-	<u>7,985</u>

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
Other Programs (Continued):					
Environmental Protection Agency (EPA):					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	US Environmental Protection Agency	66.034	83924101	\$ 17,000	\$ 144,514
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	US Environmental Protection Agency	66.034	NCHH-17-1301	-	<u>8,296</u>
Subtotal CFDA 63.034				<u>17,000</u>	<u>152,810</u>
U.S Agency for International Development (USAID):					
USAID Foreign Assistance for Programs Overseas	Credence Management Solutions LLC	98.001	1154-OASISGHTP-PHI-01	-	6,101,138
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	7200AA18CA00001	1,388,168	11,980,508
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	AID-OAA-A-11-00025	14,490	3,502,710
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	AID-OAA-A-16-00045	-	<u>823,086</u>
Subtotal CFDA 98.001				<u>1,402,658</u>	<u>22,407,442</u>
U.S Department of Agriculture – SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Los Angeles County	10.561	PO-PH-19008708-I	\$ -	\$ 23,276
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of North Carolina	10.561	38272	-	20,128
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Auburn University	10.561	N/A	-	9,182
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Sacramento County	10.561	7207500-17/20-269	-	169,708
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of CA, Dept of Social Services	10.561	18-7014	-	4,791,740
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of Georgia	10.561	42700-040-0000078203	-	274,472
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of North Carolina	10.561	30-190238-DSS	-	50,431
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	University of California, Davis	10.561	N/A	-	<u>241,298</u>
Subtotal CFDA 10.561 – SNAP Cluster				<u>-</u>	<u>5,580,235</u>
U.S Department of Justice:					
Crime Victim Assistance/Discretionary Grants (B,C)	Youth Alive	16.582	2015-VF-GX-K025	-	<u>84,788</u>
Subtotal Other Programs				<u>2,195,784</u>	<u>50,766,132</u>
Total Expenditures of Federal Awards				<u>\$ 6,473,022</u>	<u>\$ 88,206,752</u>

See accompany notes to Schedule of Expenditures of Federal Awards.

PUBLIC HEALTH INSTITUTE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2019

NOTE 1 - PURPOSE OF THE SCHEDULE

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the expenditures of all federal awards of Public Health Institute for the year ended December 31, 2019 and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 Public Health Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Public Health Institute

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Institute has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 – SUBSEQUENT EVENTS

Public Health Institute has evaluated subsequent events through June 22, 2020, the date this Schedule was available to be issued. The Institute is not aware of any subsequent events which would require additional recognition or disclosure in the Schedule.

PUBLIC HEALTH INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2019

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? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal Control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X 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)? _____ Yes X No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>	<u>Expenditures</u>
Research and Development Cluster	Various	\$ 37,440,620
State Targeted Response to the Opioid Crisis Grants	93.788	\$ 12,056,105

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,646,203

Auditee qualified as low-risk auditee? X Yes _____ No

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PUBLIC HEALTH INSTITUTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2018

No matters were reported.

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

To the Board of Directors
Public Health Institute
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 Public Health Institute, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2020.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

San Francisco, California
June 22, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
Public Health Institute
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited Public Health Institute's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Public Health Institute's major federal programs for the year ended December 31, 2019. Public Health Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Public Health Institute's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Public Health Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Public Health Institute 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 December 31, 2019.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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



Crowe LLP

San Francisco, California
June 22, 2020